WABERER'S
OPTIMUM SOLUTION

ANNUAL REPORT
2017

AGENDA

HIGHLIGHTS

Balance

BETWEEN ORGANIC AND INORGANIC GROWTH

18% **revenue** growth on Link acquisition and better organic growth

- Recurring Group **EBITDA** increased by 17%
- **Link** fully consolidated in H2 2017 figures

Improvement

IN EFFICIENCY METRICS

2% year-on-year **improvement in fuel consumption**

- **Loaded ratio** above 91%
- Improving per unit **repair and maintenance costs**

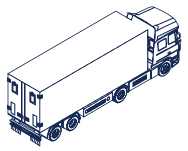
Strong

VALUE CREATION FOR SHAREHOLDERS

58% recurring **net income** increase

- **EPS** up by 164%
- **Net leverage ratio** ratio decreased to 2.7

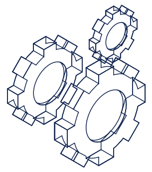
COMPANY AT A GLANCE



SCALE

Largest European FTL Fleet

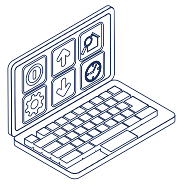
- Adventages from network effects and procurment power



EFFICIENCY

Market-Leading Fleet Utilisation

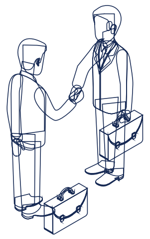
- Continuous savings in key cost items
- Industry-leading utilisation



INNOVATION

Developing and Applying Technology Systems

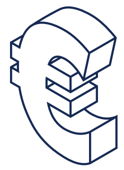
- Successful platooning test in September 2017
- Driving style analysis and other big data solutions
- Modern fleet, testing alternative drivetrains



CONSOLIDATION

Attractive Consolidation Prospects

- Link synergies identified and starting to materialise
- Searching for targets for the regional segment



PROFITABILITY

Track Record of Strong Financial Performance

- Margins maintained
- Significant increase in all bottom-line metrics

A BRIEF HISTORY

1948	1994	2002	2006	2011	2013	2016	2016	2017
Creation of the Company	Aquisition of Volán Tefu in a privatisation process	Aquisition of Hungarocamion	Aquisition of Révész Eurotrans	Initial MEP investment	Aquisition of 60% stake in Szemerey	Aquisition of WHB Insurance	MEP acquired remaining 40.3% from Mr. Waberer	Aquisition of Link and IPO

MESSAGE FROM THE CEO

The year 2017 was an eventful one for Waberer's by all standards: an IPO, a major international acquisition, and the modernisation of our IT systems have all been successfully accomplished, while operations and results were steered to meet not only our expectations, but also those of the capital market.

Waberer's took a huge step this year end, after lengthy preparations, we successfully completed an initial public offering that is considered the largest in Hungary for almost 20 years.

We immediately put the funds raised to good use: just weeks after we had the IPO proceeds at our disposal, we closed the transaction to acquire Link, a Polish road transportation company. We started the integration process right away to develop Link into the main pillar of our further growth in a large European market ripe for consolidation.

We also successfully introduced new IT solutions that can more efficiently use our resources and enable a larger degree of scalability. Meanwhile, we continued cooperating with our partners to explore, test, and adopt new technologies in our operations.

Looking at our financial and operative performance, we met expectations across the board. The revenue and recurring EBITDA performance of the Group showed an increase of 18% and 17%, respectively. Just as we outlined in our strategy to investors in the IPO process, this growth is based in part on the effects of acquisitions and in equal part on organic growth. Net income developments are even more encouraging, as 2017 registered a 58% growth in net earnings.

I am confident that our focus on our competitive advantages based on size and efficiency, coupled with a turn towards more technology-centric operation and an aspiration to lead the consolidation of the industry, continues to be the right strategy for Waberer's. In 2018, we will continue pushing integration efforts in Poland and also plan a 3-digit expansion in the number of trucks there. Meanwhile, we are also planning to expand on our contract logistics business this year through a possible acquisition. At the same time, we'll push on enhancing our IT and other systems to improve our efficiency and profitability even further.

BARNA ERDÉLYI
Deputy Chief Executive Officer

FERENC LAJKÓ
Chief Executive Officer

MISSION

With one of Europe's largest and youngest fleets, our expert team provides our partners quality and customer-oriented logistics solutions at competitive prices.

VISION

Our company is the unquestionable leader of European road haulage

OUR VALUES

The following core values and norms are incorporated into our company as part of Waberer's corporate culture

RELIABILITY

We keep our promises

INNOVATION

We are open, we are constantly looking for and developing new solutions

ADAPTATION

We adapt quickly and efficiently to the challenges of a changing environment

SUSTAINABILITY

We think responsibly about our colleagues, our partners, and our natural and social environment in the long term

COMMITMENT

Because we love it...

STRATEGY

Waberer's International Nyrt., Europe's leading international road haulage company is constantly looking for further growth opportunities. A fleet of more than 4,300 trucks enables our company to meet the needs of our blue-chip customers in any country of the EU and to provide our services at a competitive advantage derived from economies of scale and optimisation. Fair quality for market-leading capacity at competitive prices is the unique selling point by which we serve our more than 3000 blue-chip customers every day throughout Europe.

We operate three businesses with different focuses. Waberer's objective in the International Transportation Segment is to maintain and extend its leading position as an owned-vehicle operator within the European international FTL segment of the market. The strategic goal is to convert our competitive advantages in technology and network coverage into more efficiency in a market ever more driven by large blue chip customers. In the Regional Contract Logistics Segment, the objective is to maintain our position as the largest logistics service provider in Hungary in terms of revenue and to extend our market share in the CEE region. To achieve these objectives, we strive to continuously increase our market share and expand the Group's blue-chip customer base by offering high quality services at competitive prices. Waberer's is set to achieve this through both organic and inorganic growth to consolidate the highly fragmented European full-truckload market. This consolidation drive is to be executed in a financially profitable way so that shareholder returns will always be in focus along the road of expansion.

CONTINUE TO GROW IN SCALE AND MARKET SHARE

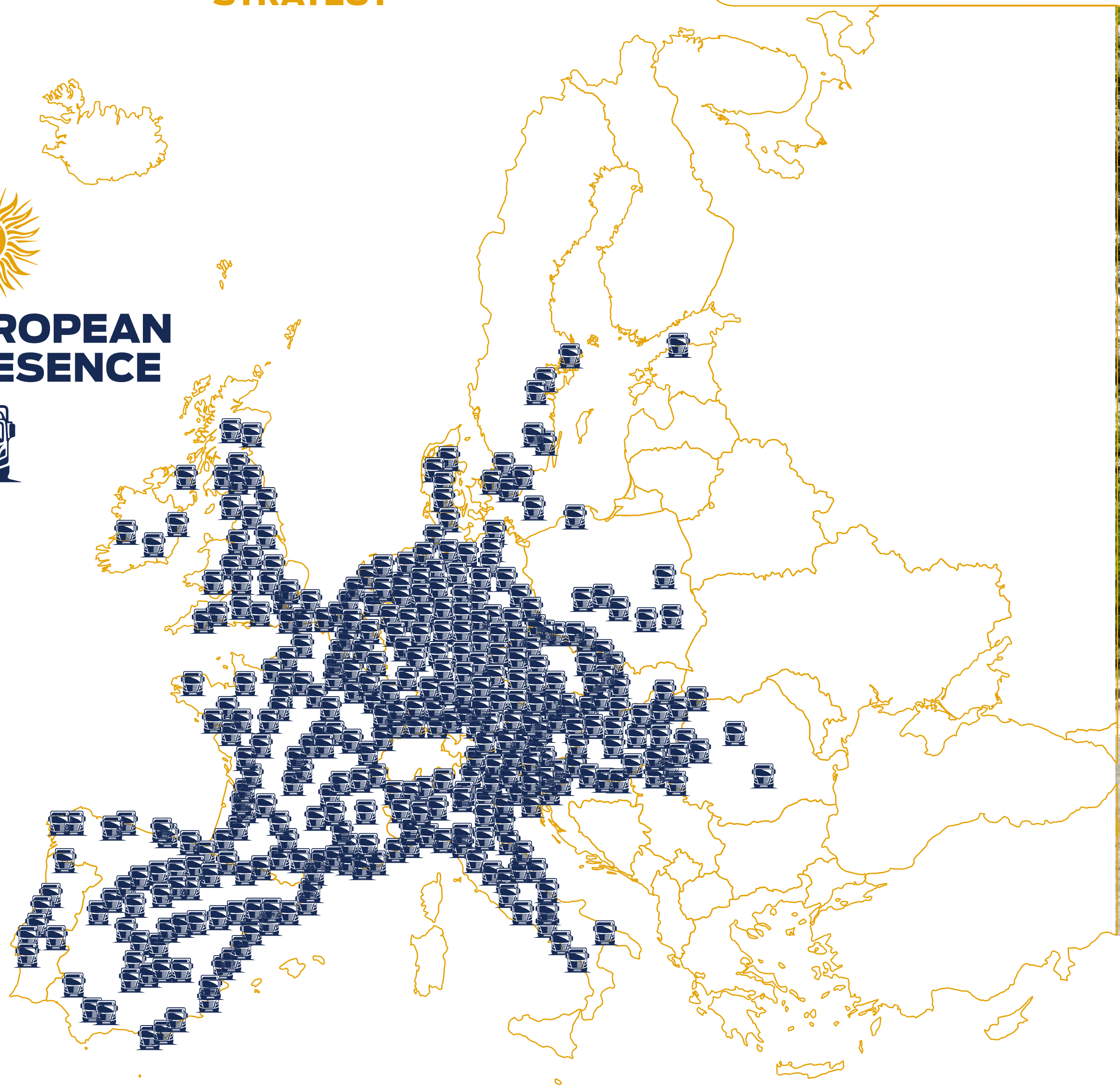
The Group intends to continue to grow organically by expanding and improving its fleet. In 2017, the Group increased its number of trucks by 18% and an overwhelming majority of the fleet is now in the best EURO 6 category. With particular focus on its International Transportation Segment, Waberer's aims to outgrow the European international transportation market in terms of revenue and to support such growth by increasing its fleet asset base to strengthen scale efficiencies. Increases in scale will continue to enhance productivity in terms of mileage, truckload and volume of freight, as well as better customer coverage given the higher geographical density of the Group's trucks. In order to retain its most valuable clients, the Group operates an effective key account CRM system with an annual customer retention rate target of 99% or higher, which have ensured and will continue to contribute to a sustainable increase in the number and quality of customers. Also, the utilisation of the cross-selling potential offered by Waberer's broad portfolio of services is set to strengthen, with particular focus on value added services. Finally, a strategic shift in the increase in the volume of freight forwarding is targeted, in order to be able to maintain a loyal and high-quality group of sub-contractors.

CONTINUE TO DRIVE INNOVATION LEADERSHIP AND OPERATIONAL EFFICIENCY

We intend to improve efficiency through the continuous improvement of our operations, including utilisation and per-cost metrics such as fuel consumption. To this end, Waberer's constantly strives to improve its proprietary IT system, in particular WIRE and WIPE, which help ensure high fleet utilisation and reduced idle time and fuel costs. We successfully implemented WIPE in 2013 and successfully launched WIRE in January 2016, but with the increase in telemetrics and telematics information, these and our other professional transportation systems will need to be made suitable for big data analysis. In 2017, we have taken important steps to increase the scalability of these systems, including introducing cloud-based solutions and by starting to replace the basic environment of our transportation monitoring systems with SAP, which is more flexible and scalable. We also intend to upgrade the distribution trucks used by the regional LTL business to newer and more modern vehicles as well as modernise our international fleet to include trailers compatible with multimodal transport. Another strategic goal is to increase the use of e-invoicing

WABERER'S RECOGNISES THAT THE PROFESSIONAL DRIVER WORKFORCE IS ONE OF ITS MOST VALUABLE ASSETS AND THAT IT IS ESSENTIAL TO THE GROWTH OF THE BUSINESS.

EUROPEAN PRESENCE



to reduce days of sales outstanding and to utilise other automatisation techniques to lessen administrative burdens. Finally, we will also continue our eco-driving training programme with a view to educating drivers on how to drive in a manner which increases fuel efficiency. This connects well with the driving style analysis introduced in the third quarter of 2017, which provides customised driving efficiency data for individual drivers based on telematics data and a self-developed algorithm, enabling analysis and monitoring of different driving styles and train drivers accordingly to maximise efficiency. The resulting data can be used to organise various driving technique training programmes by fleet operators to enable drivers to use their vehicles better and more efficiently, for example in terms of fuel efficiency, repair and maintenance or toll costs.

Waberer's recognises that the professional driver workforce is one of its most valuable assets and that it is essential to the growth of the business. We will continue to focus on the recruitment, training, and retention of qualified and reliable drivers. Waberer's intends to extend its offer of complex driver training programmes both in-house and through external courses offered by third party service providers and/or the Hungarian government. Compensation packages play a large part in driver retention, so we introduced a significantly increased and driver tailored compensation package in order to mitigate the effects of the driver shortage experienced during the second half of 2015 and to comply with the applicable provisions on minimum wage. Waberer's plans to continue to offer non-monetary benefits to its drivers, such as providing trucks equipped with the largest possible cabin size, flexible rest time schemes, legal assistance, eco-driving training, and recreation allowances for drivers and their families to have the opportunity to holiday at the vacation resort maintained by the Group for its employees at the popular Hungarian vacation resort on Lake Balaton.

EXPAND OPERATIONS THROUGH SELECTIVE ACQUISITIONS AND GROWTH INITIATIVES

One of the key pillars of Waberer's strategy is to be a leading consolidator in the transportation and logistics market in which it operates. We intend to take an opportunistic approach to expanding through selected acquisitions in the CEE region with a view to focusing on opportunities which are coherent with our growth and margin targets, in particular on companies which offer similar types of services to the Group.

In the International Transportation Segment, Waberer's is focused on potential acquisitions of mid-sized operators in high-growth CEE economies, primarily in Poland, Czech Republic and Slovakia, with operational focus on standardised asset-based operations and strategy coherent with the Group, with revenue above EUR 50 million, equity value between EUR 30 and 50 million and fleet size larger than 300 trucks. In its Regional Transport Logistics Segment, the Group is focused on potential acquisitions of small to mid-sized logistics providers in high-growth neighbouring economies, in particular in Poland, Slovenia and Slovakia, providing warehousing, value-added services and distribution services in the FMCG, automotive, electronics or retail sectors, with revenue between EUR 20 and 50 million and equity value up to EUR 50 million. While in 2017 the purchase of Link affected mainly the international operations, in 2018, Waberer's is considering the acqisition of a company for the regional segment.

The acquisition of Link, closed in July 2017, has had a substantial effect on the Group's expansion strategy. In 2018 and probably in the years beyond, most of the nominal organic growth to be attained by the Group will most likely be located in Poland. As the prerequisites for further expansion are being met during the integration process, Waberer's plan is to use Link – and other acquisitions to come – as platforms for further organic expansion.

ONGOING FOCUS ON THE OPTIMISATION OF THE GROUP'S COST BASE

Waberer's intends to retain its cost leadership in the European international FTL segment of the transportation market. Further, the Group plans to continue to optimise its cost structure, further utilise scale benefits and maintain best-in-class unit cost performance. The aforementioned upgrade of proprety IT systems will effectively serve this purpose and is expected to yield significant savings in areas such as fuel consumption, driver cost, and repairs and maintenance.

MANAGEMENT COMMENTARY

GROUP PROFIT FOR THE PERIOD

Income Statement (EUR m)

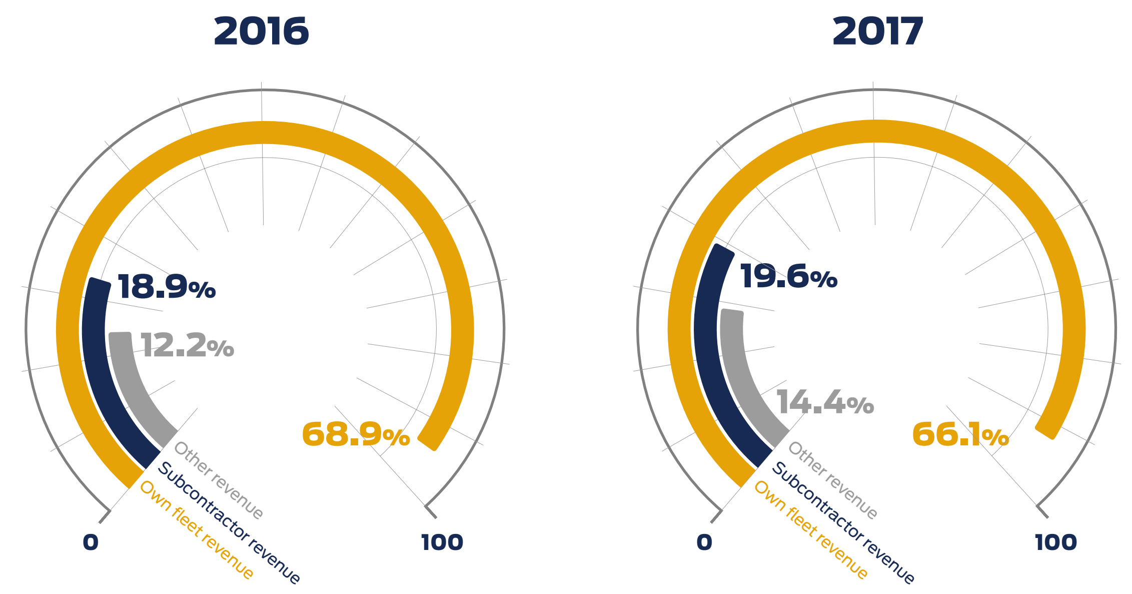
	FY 2016	FY 2017	Increase (decrease)
Revenue	572.4	674.4	17.8%
Direct costs	(451.7)	(533.8)	(18.2%)
Gross profit	120.7	140.6	16.5%
OPEX	(51.5)	(57.8)	(12.3%)
Non-recurring items	4.4	3.0	
EBITDA (recurring)	73.6	85.8	16.6%
Depreciation and amortisation	(52.0)	(56.0)	(7.8%)
EBIT (recurring)	21.6	29.7	37.8%
Financial result	(3.1)	(3.6)	(13.7%)
Taxes	(4.9)	(4.8)	1.8%
Net income (recurring)	13.6	21.4	57.6%
Gross margin	21.1%	20.8%	(0.2 pp)
EBITDA margin (recurring)	12.9%	12.7%	(0.1 pp)
EBIT margin (recurring)	3.8%	4.4%	0.6 pp
Net income margin (recurring)	2.4%	3.2%	0.8 pp

Group **revenue** increased by 18% year-on-year to EUR 674 million. Roughly half of this growth was attributable to the positive effect of acquisitions, as the Insurance Company joined the Group in April 2016 and Link in July 2017. At the same time, there was considerable organic expansion led by the Regional Contract Logistics and Other segments, which grew by 27% and 59%, respectively.

In the International Transportation Segment (ITS), there were some difficulties in the first half of the year as a simultaneous fall in price level and demand could be observed in the European market. In the second half of the year, however, we started to renegotiate our contracts, which resulted in an average increase in price per kilometre of 2% year-on-year. At the same time, we saw an increase in demand even in the third quarter of the year. The 27% increase in the Regional Contract Logistics (RCL) segment was driven by important new customers acquired in the second half of 2016, two of the largest and most complex of which are the Hungarian branches of Audi and Tesco. The Other segment, which includes the third party business of the Insurance Company fully owned by the Group, showed a revenue increase of 59% year-on-year partly because of new customers, and partly because the firm was acquired only in the second quarter of 2016, distorting year-on-year comparisons positively.

Looking at the functional split, the share of subcontracted revenue has increased by 0.7 percentage points to 19.6% as the weight of freight forwarding increased both as a strategic goal and as a technical result of Link's consolidation as Link has a higher share of revenue generated by freight forwarding activities. Another notable change was the higher share of the non-transportation related "other" revenue, which is attributable mainly to the acquisition and consolidation of the Insurance Company in the second quarter of 2016.

Functional split of Group revenue



Changes in the income statement reporting structure
As evident from the audited figures on pages 48-123, the structure of the income statement is slightly different when compared to the quarterly reports or the IPO Prospectus. This change was a result of discussions with important stakeholders, including our stock market investors, and presents a more detailed set of information:
- Revenue is split between not only segments, but there is also a functional split included so that revenue generated by our own asset and subcontractor revenue can be differentiated. Other revenue include hedging in the International Transportation Segment and non-transportation revenue such as warehousing or packaging in the Regional Contract Logistics Segment.
- The split of direct costs is also different as this Annual Report displays a more detailed analysis of the costs affecting the Group.

These changes affect the structure of the income statement, but can be corresponded with the split in the quarterly reports (see figure below), although there are certain differences in the correspondence. The change also had minor influence on the cost elements below and above gross profit for 2016, but had no effect on EBITDA, EBIT, and other IFRS and non-IFRS profit metrics. It is our intention to continue quarterly reporting based on the structure hitherto used in our quarterly reports, while annual reports shall include a more detailed split such as the one below.

Link between direct cost structure as presented in quarterly and annual reports

DIRECT COST STRUCTURE IN 2017 QUARTERLY REPORTS

- Cost of goods sold → Cost of goods sold
- Direct wages, benefits & allowances → Direct wages, benefits & allowances
- Fuel costs → Fuel costs
- Toll fees and transit costs → Toll fees and transit costs
- Cost of subcontractors and reinsurance fee → Cost of trucking subcontractors; Reinsurance fee
- Other costs → Repair & maintenance; Insurance costs; Direct rent; Other contracts; Vehicle weight tax and other transport related taxes

DIRECT COST STRUCTURE IN THE ANNUAL REPORT

- Cost of goods sold
- Direct wages, benefits & allowances
- Fuel costs
- Toll fees and transit costs
- Cost of trucking subcontractors
- Reinsurance fee
- Repair & maintenance
- Insurance costs
- Direct rent
- Other contracts
- Vehicle weight tax and other transport related taxes

Group revenue, cost items, and EBITDA in 2016 and 2017 (EUR m)

	2016 FY	2017 FY	Increase (decrease)
Revenue	572.4	674.4	17.8%
Direct wages, benefits & allowances	(86.6)	(103.7)	(19.8%)
Fuel cost	(104.7)	(117.1)	(11.9%)
Toll fees & transit costs	(94.2)	(111.0)	(17.8%)
Cost of trucking subcontractors	(93.1)	(117.8)	(26.4%)
Reinsurance fee	(12.4)	(16.0)	(29.2%)
Cost of goods sold	(13.6)	(10.1)	25.8%
Repair & maintenance	(12.4)	(16.0)	(29.2%)
Insurance costs	(24.4)	(25.5)	(4.8%)
Direct rent	(5.4)	(5.6)	(3.1%)
Other contracts	(1.6)	(2.1)	(30.3%)
Vehicle weight tax	(1.9)	(2.1)	(12.7%)
Net gain on fleet sales	3.7	4.0	6.8%
Gross profit	120.7	140.6	16.5%
Indirect wages & benefits	(27.6)	(34.2)	(23.7%)
Other services	(18.3)	(19.5)	(6.5%)
Other operating income	5.1	8.9	76.2%
Other operating expense	(10.6)	(13.1)	(22.9%)
Non-recurring items	4.4	3.0	(32.1%)
Recurring EBITDA	73.6	85.8	16.6%

EBITDA AND EBIT

Gross profit rose by 17% year-on-year in 2017 to EUR 141 million, corresponding to a 0.1 percentage point decrease in the gross profit margin to 20.8%. Among direct costs, the structure reflected the rise of the share of non-transportation activities such as subcontracted activity in the international segment, warehousing in the regional segment, and insurance.

Recurring **EBITDA** grew by 17% to EUR 86 million as SG&A expenses and other operating income and expenditures changed proportionately with revenues. Recurring EBIT was 38% larger than in 2016 at EUR 30 million mainly because of higher EBITDA and that the duration of the lease financing have increased, which was reflected in a relatively low, 8% growth in depreciation.

Recurring EBITDA and recurring EBIT **margins** in 2017 were 0.1 percentage points lower and 0.6 pp. higher than in 2016, at 12.7% and 4.4%, respectively. The increase in recurring EBITDA margin is partly attributable to improving fuel efficiency and administrative cost levels that more than offset the margin dilution effects of a changing business mix in favour of freight forwarding.

Direct wages, benefits and allowances grew by 20% to EUR 104 million in 2017 compared to 2016. This increase was broadly in line with the 13% increase in the total number of drivers, coupled with a single-digit increase in the ITS and double-digit growth in the RCL segment's driver wages.

In 2017, **fuel costs** amounted to EUR 117 million, marking a 12% year-on-year increase. It was driven by a 9% average fuel price increase in the EU and increased kilometres driven both in the ITS and RCL segments, 7% and 19%, respectively. These effects were mitigated by an average 2% fuel consumption saving year-on-year due to successful initiatives of driving style analysis based upon telematics data of individual drivers started in the second half of the year.

Toll fees and transit costs increased by 18% to EUR 111 million in 2017 compared to 2016. This is

Group EBIT, financial result, tax, and net income in 2016 and 2017 (EUR m)

	2016 FY	2017 FY	Increase (decrease)
Recurring EBIT	21.6	29.7	37.8%
Financial result	(3.1)	(3.6)	(13.7%)
Profit before tax	14.0	23.2	65.0%
Income taxes	(4.9)	(4.8)	1.8%
Recurring net income	13.6	21.4	57.6%
Non-recurring items	(4.4)	(3.0)	
Net income	9.2	18.4	100.4%
Attributable to:			
Shareholders of the company	6.2	18.2	192.5%
Minorities	2.9	0.1	(94.9%)
Number of shares (millions)	14.5	16.0	10.7%
EPS (EUR/share)	0.43	1.14	164.2%

Basic and diluted earnings per share (net income attributable.to shareholders per share)

attributable to a 13% year-on-year rise in distance covered, a single-digit rise in the per kilometre transit costs for each segment, and the effect of Link's different transportation mix which included a higher proportion of intermodal transportation. The 26% year-on-year growth in **cost of trucking subcontractors** to EUR 118 million in 2017 mainly reflects the change of business mix resulting from the Link acquisition, while the increase in the weight of freight forwarding in the Hungarian operations continued in line with the overall strategy.

Cost of goods sold fell by 26% to EUR 10 million on lower volumes of transit and toll services resold to subcontractor partners. The less than 5% rise in **repair and maintenance** costs reflects the effect of a 12% larger fleet mitigated by 5% better per kilometre cost efficiency as a result of mainly capitalising on the data from the captive insurance company. Similarly, there were significant savings in the per truck insurance-related costs that led to a mild 5% rise in **insurance costs.** The rise in **direct rent** and **other contracts** mainly reflected the expansion in the Regional Contract Logistics segment's non-transportation services. **Net gain on fleet sales** improved by 7% due to the slightly more vehicle replacements than in 2016.

Indirect wages and benefits and **other services** increased by 23% and by 7% to EUR 34 million and EUR 20 million, respectively. **Other operating income** marked a 44% increase to EUR 9 million, and **other operating expense** increased by 21% to EUR 13 million.

NEW MEMBER IN THE GROUP: LINK

We managed to close our latest international acquisition successfully in July 2017. After the takeover, our Polish operation recorded a considerable sequential improvement in performance, reflected in the marked growth in EBITDA to EUR 3.8 million in the final quarter of 2017 (our third quarter EBITDA was EUR 1.8 million). The significant improvement in Link's operational performance was driven by the beneficial effects of continued integration, which remains on track for completion by the end of 2018. While efforts to coordinate procurement and sales have yielded immediate results, full IT integration will be achieved in the course of 2018.

NET INCOME

In 2017, **financial result** deteriorated by EUR 0.5 million compared to 2016. There was a positive one-off effect of EUR 1.4 million* in 2017 as an unrealised FX difference on Link's leases denominated in EUR but converted to PLN on a favourable exchange rate. The interest portion of the financial result was nominally lower than that of last year as the amount of debt was higher but the implied interest rate was lower at 1.7% in 2017 as compared to 2.2% in 2016.

Despite significantly higher profit before tax, income **tax** decreased by EUR 0.1 million. The main reason was a one-off positive effect in 2017 amounting to EUR 2.5 million as the recovery of deferred tax assets was reviewed and more positive outlook enabled some of these assets to be recognised. Recurring **Net income** increased strongly by 58% compared to the previous year. This was mainly due to the significant rise in EBIT. **Diluted earnings per share** showed a substantial growth of 164% to EUR 1.14 in 2017.

GROUP CASH FLOW AND DEBT

CASH FLOW

Cash from operating activities was EUR 84 million in 2017 as compared to EUR 71 million in the same period last year, mainly due to a significant increase in EBITDA that more than compensated for a significantly higher demand for working capital.

Cash used in investing and financing activities increased to EUR 57 million for 2017 as a result of the Link acquisition and higher total lease payments on an enlarged fleet, as well as higher capital expenditure for IT solutions, which were not fully offset by IPO proceeds. Total cash and cash equivalents grew by EUR 27 million in 2017.

Free cash flow, which incorporates cash flow from operations, capital expenditures, and elements of the lease-based financing of the fleet, decreased slightly to EUR 75 million in 2017.

DEBT

Debt figures showed a notable nominal increase due to the consolidation of Link in the third quarter of 2017, which added EUR 39 million to the Group's leverage. Due to better operations and working capital management, debt showed a strong sequential decrease in the fourth quarter and decreased to EUR 235 million. **Net leverage ratio,** a multiple of rolling recurring EBITDA including Link only from July 1, 2017, decreased to 2.7 from 2.9 a year earlier and 3.4 at end-September. Fleet refinancing costs remained below a 1.7% implied rate.

Cash Flow Statement (EUR m)

	2016 FY	2017 FY
Net cash flows from (used in) operating activities	71.2	84.5
of which: change in working capital	1.4	(5.0)
Net cash flows from (used in) investing and financing activities	(49.9)	(57.1)
Change in cash and cash equivalents	21.2	27.3
Free Cash Flow	75.7	74.8
CAPEX	(4.9)	(11.9)

Indebtedness figures (EUR m)

	Dec. 31, 2016	Dec. 31, 2017
Net financial indebtedness	211.4	234.7
Net leverage ratio (recurring EBITDA multiple)	2.9 x	2.7 x

*The Group recorded a non-realized foreign exchange gain on the revaluation of the leasing liabilities of Link at EUR 1.4 million. IAS 21 paragraph 39 includes the general rule on the treatment of foreign exchange differences. Paragraph 40 provides an opportunity for its simplification and based on that the Group made this revaluation on the balance sheet items at the foreign exchange rate at year-end and the annual profit at the annual average rate. It is in line with the Group's accounting policies and resulted the above gain at EUR 1.4 million.

INTERNATIONAL TRANSPORTATION SEGMENT

International Transportation Segment P&L data (EUR m)

	2016 FY	2017 FY	Increase (decrease)
Revenue	451.4	511.6	13.3%
Direct costs	(358.3)	(410.1)	(14.5%)
Gross profit	93.1	101.5	9.1%
OPEX	(40.9)	(42.9)	(4.9%)
Non-recurring items	4.4	3.0	
EBITDA (recurring)	56.5	61.6	9.2%
Gross margin	20.6%	19.8%	(0.8 pp)
EBITDA margin (recurring)	12.5%	12.0%	(0.5 pp)
Average number of truck drivers	4,074	4,524	11.0%
Average number of trucks	2,970	3,304	11.2%
Average age of trucks (years)	2.1	2.3	9.9%
Loaded ratio	91.6%	91.4%	(0.2 pp)
Fuel consumption (litres per 100 km)	30.0	29.3	(2.3%)
Transportation days	247.2	242.4	(1.9%)

REVENUE

International Transportation Segment **revenue** increased by 13% to EUR 512 million in 2017 versus 2016. The highest year-on-year revenue growth occurred in the third and fourth quarter of the year. Although the acquisition effect of Link contributed most of the year-on-year rise, organic growth was also strong as the initiative of price increases that started in the third quarter and continued into the last quarter of 2017, raising per kilometre revenue by 2% on a year-over-year basis and by 5% in the fourth quarter of 2017 compared to the same period in 2016. Truck numbers increased to 3,304 and total kilometres increased by 7% in 2017.

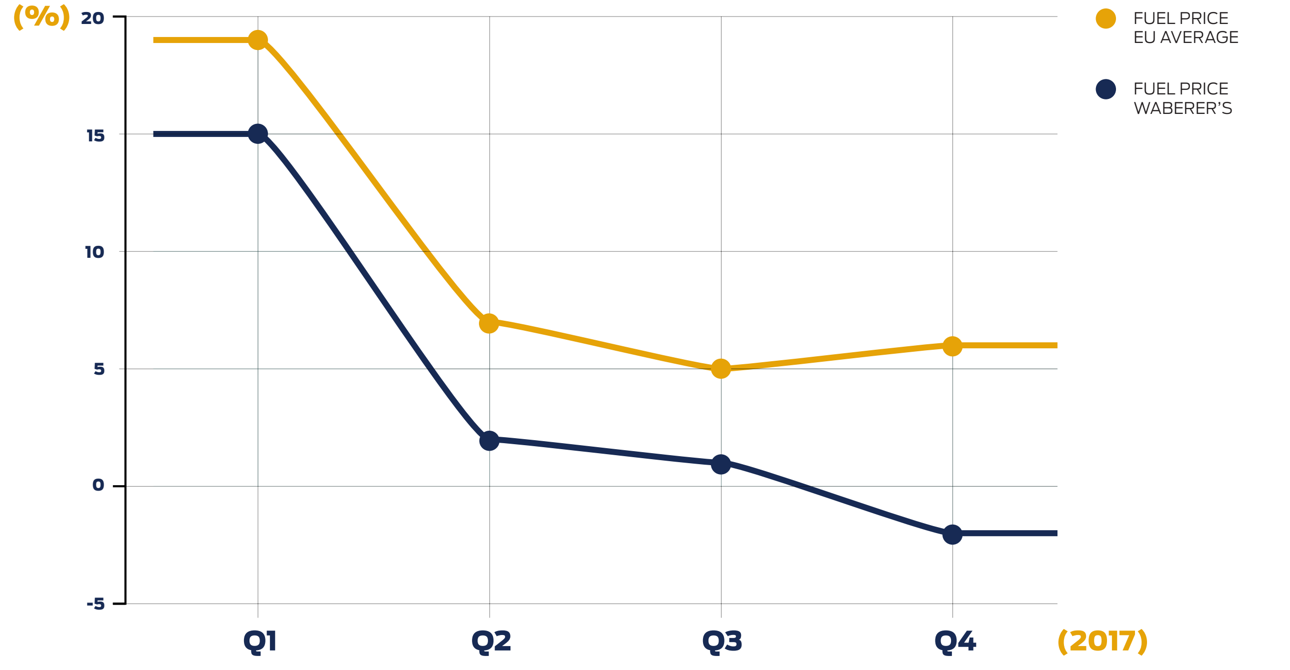
EBITDA

ITS **gross profit** increased by 9% in 2017 to EUR 102 million compared to 2016, marking a 0.6 percentage point decrease in gross margin to 19.8%. Recurring **EBITDA** grew by 9% to EUR 62 million in the same period with a stable margin of 12 percentage points. Roughly half of the change in EBITDA is attributable to the inclusion of Link. Improving EBITDA margin reflects the higher price levels achieved in tenders and better cost management that offset the margin dilution effect of higher share of freight forwarding as a result of the Link acquisition.

Among the key cost lines, **direct wages, benefits & allowances** showed a 16% rise in 2017 compared to last year as the number of truck drivers rose by 11% and driver wages were raised by mid-single digit percentage from the beginning of the year.
Fuel cost rose by 8% in 2017 due to the combination of a rise in fuel prices that averaged year-on-year 9% in the European Union, and a 7% increase in kilometre run. These effects were mainly offset by the implementation of efficiency measures and decreasing fuel consumption, thus the fuel price per litre was increased only by 7% compared to the last year.

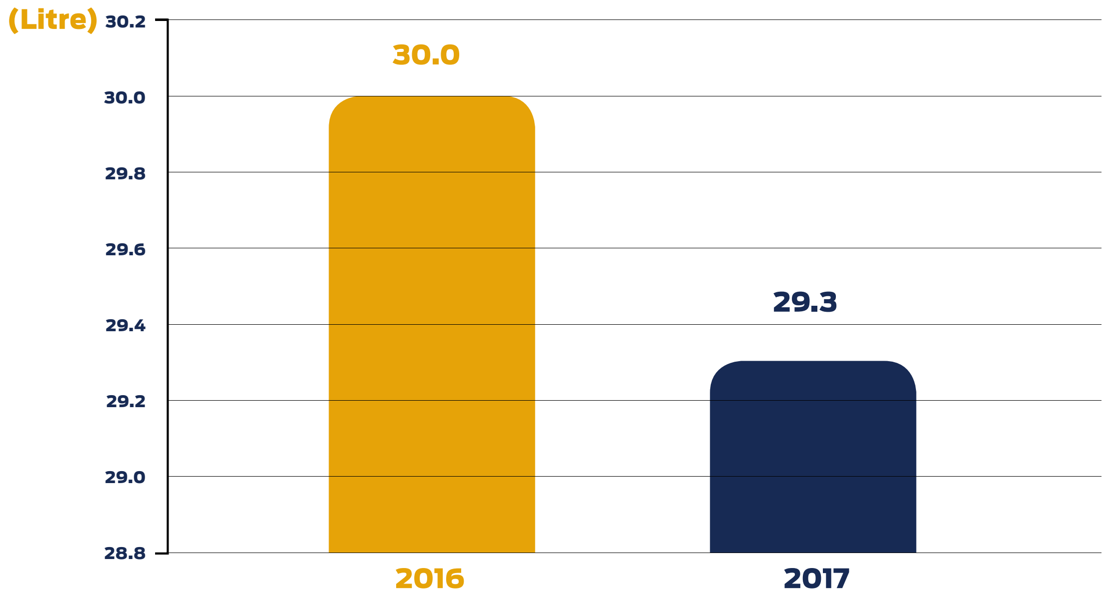
Toll fees and transit costs in 2017 increased by 14% compared to the previous year to EUR 92 million. This effect was mainly the result of the combination of 14% higher per kilometre

Thanks to high efficiency, Waberer's fuel price was 5% below the EU price on average in 2017



Year-over-Year average fuel price percentage change
Source: European Commission Weekly Oil Bulletin, company data

Fuel consumption decreased by 2% in 2017 thanks to success of driving-style analysis initiatives



Fuel consumption (litre per 100 km)

toll fees as a result of higher intermodal activity and a 7% increase in kilometres driven as a result of Link's inclusion in the Group and more orders from clients.

Cost of trucking subcontractors increased by 29% to EUR 89 million as a result of the higher forwarding activities in the Group due to acquisition effects and more reliance on freight forwarding in the business mix.

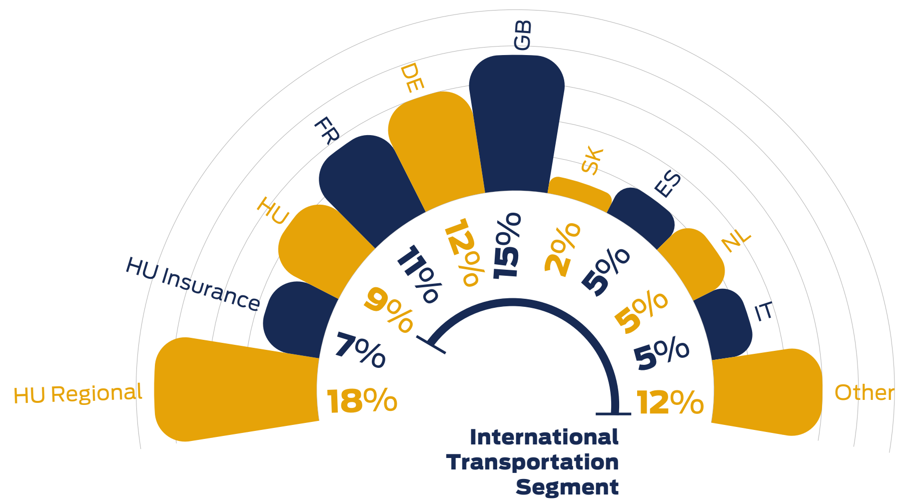
ITS revenue, cost items, and EBITDA in 2016 and 2017 (EUR m)

	2016	2017	Increase (decrease)
Revenue	451.4	511.6	13.3%
Direct wages, benefits & allowances	(75.5)	(87.4)	(15.8%)
Fuel cost	(95.9)	(103.8)	(8.3%)
Toll fees & transit costs	(80.6)	(91.6)	(13.7%)
Cost of trucking subcontractors	(69.3)	(89.2)	(28.7%)
Reinsurance fee	(1.0)	(1.2)	(24.3%)
Cost of goods sold	(13.7)	(15.9)	(15.9%)
Repair & maintenance	(10.1)	(12.2)	(20.9%)
Insurance costs	(12.7)	(9.8)	22.7%
Direct rent	(1.3)	(1.1)	19.8%
Other contracts	(0.4)	(0.4)	(17.4%)
Vehicle weight tax	(1.6)	(1.7)	(9.9%)
Net gain on fleet sales	3.6	4.2	16.1%
Gross profit	93.1	101.5	9.1%
Indirect wages & benefits	(21.4)	(25.0)	(16.8%)
Other services	(13.7)	(14.9)	(8.8%)
Other operating income	3.7	7.3	95.9%
Other operating expense	(9.6)	(10.4)	(8.2%)
Non-recurring items	4.4	3.0	(31.9%)
Recurring EBITDA	56.4	61.6	9.2%

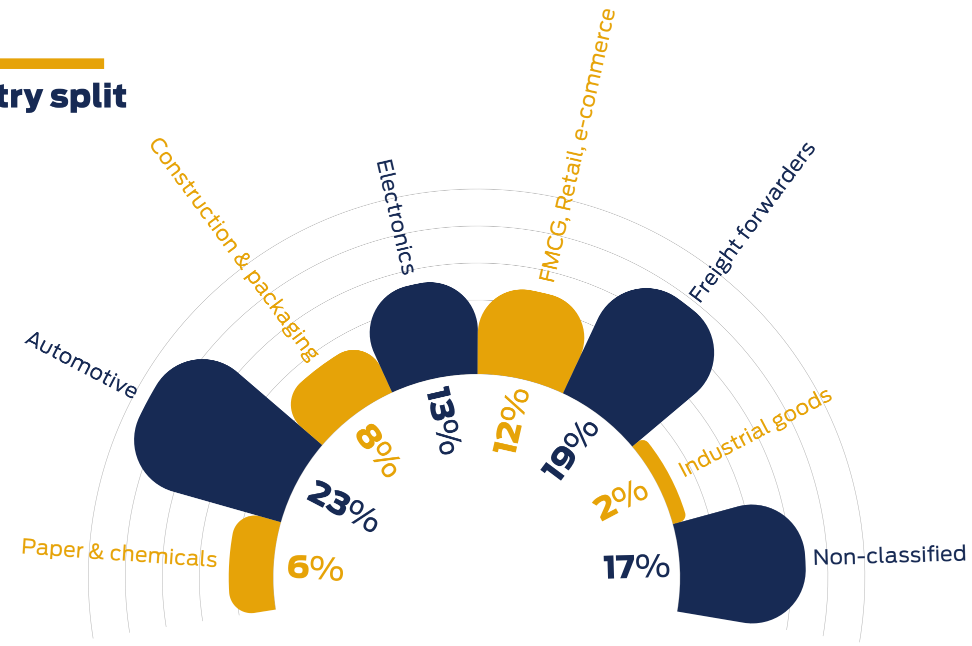
INTERNATIONAL TRANSPORTATION SEGMENT REVENUE INCREASED BY 13% TO EUR 512 MILLION IN 2017, VERSUS 2016.

REMAINING WELL-DIVERSIFIED

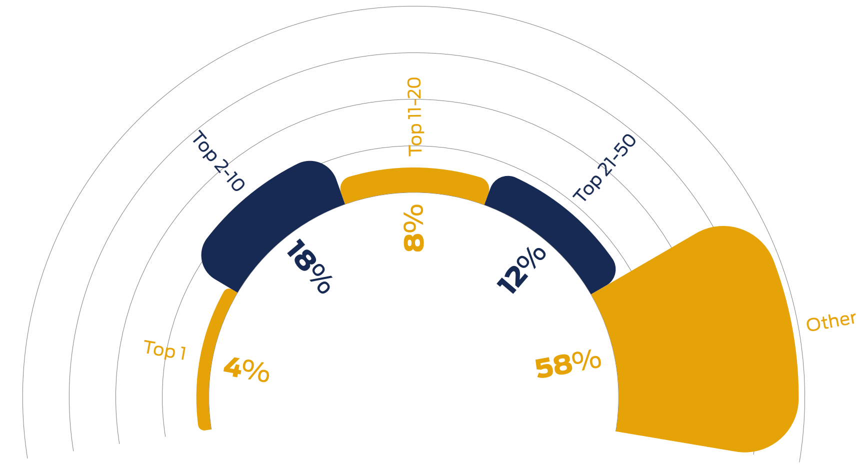
Country split



Industry split



Customer concentration



REGIONAL CONTRACT LOGISTICS

Regional Contract Logistics P&L data (EUR m)

	2016	2017	Increase (decrease)
Revenue	98.0	124.5	27.1%
Direct costs	(73.5)	(90.8)	(23.4%)
Gross profit	24.5	34.0	38.8%
OPEX	(11.4)	(16.7)	(45.7%)
EBITDA	13.0	17.3	32.7%
Gross margin	25.0%	27.3%	2.3 pp
EBITDA margin	13.3%	13.9%	0.6 pp
Average number of truck drivers	719	869	20.9%
Average number of trucks	580	674	16.2%
Fuel consumption (litres per 100 km)	28.3	28.6	0.9%
Warehousing capacity (1,000 square metres)	169	192	14.1%
Revenue per used m^2 of warehouse capacity (EUR/yr)	28.3	28.6	0.9%

REVENUE

Revenue in the Regional Contract Logistics segment increased by 27% to EUR 124 million in 2017 versus last year. The expansion of the truck fleet remained stable in the segment with 16% increase compared to the previous year. Growth relied mainly on truck fleet expansion and warehousing thanks to the robust demand of clients. The highest year-on-year growth occurred in the first two quarters of 2017. At the same time, year-on-year growth figures slowed in the last two quarters of 2017 as the large wave of expansion occurred in the final quarters of 2016 and in the beginning of 2017. There is constrained room for further growth in the domestic market with typically 3-year contracts.

EBITDA

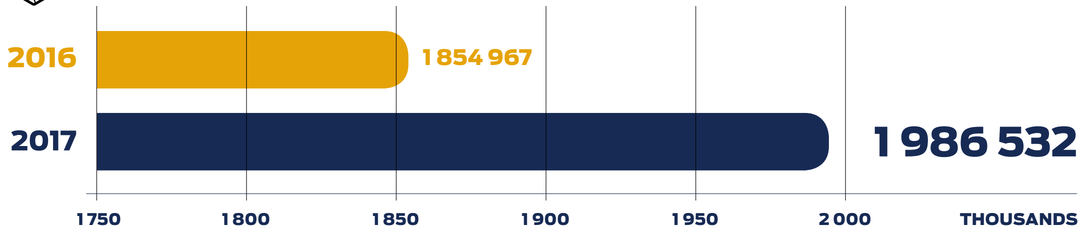
Gross profit rose by 37% year-on-year in 2017 to EUR 34 million with gross margin increasing by 2.3 percentage points to 27%. **EBITDA** increased by 33% year-on-year in 2017 to EUR 17 million, with margin increase of 0.6 percentage points to 14%. Regarding the main direct cost items, **direct wages, benefits & allowances** rose by 47% year-over-year as a result of a 21% increase in truck drivers and a 14% rise in per kilometre driver cost. **Fuel cost** was also significantly higher mainly due to the total kilometres run increasing by 19% in the RCL segment and a 7% increase in fuel prices.
Cost of subcontractors increased mainly in line with higher freight forwarding activity.

RCL revenue, cost items, and EBITDA in 2016 and 2017 (EUR m)

	2016	2017	Increase (decrease)
Revenue	98.0	124.5	27.1%
Direct wages, benefits & allowances	(11.1)	(16.3)	(47.2%)
Fuel cost	(8.8)	(13.4)	(52.2%)
Toll fees & transit costs	(13.9)	(19.7)	(41.8%)
Cost of trucking subcontractors	(25.1)	(29.4)	(17.1%)
Reinsurance fee	(0.1)	(0.1)	(72.6%)
Cost of goods sold	(5.1)	(2.8)	45.4%
Repair & maintenance	(2.7)	(2.8)	(4.7%)
Insurance costs	(1.1)	0.0	103.2%
Direct rent	(4.0)	(4.1)	(2.9%)
Other contracts	(1.4)	(1.7)	(24.6%)
Vehicle weight tax	(0.3)	(0.4)	(25.4%)
Net gain on fleet sales	0.0	0.1	(162.5%)
Gross profit	24.5	34.0	(38.8%)
Indirect wages & benefits	(5.4)	(8.0)	(48.6%)
Other services	(5.9)	(7.5)	(26.1%)
Other operating income	0.8	1.4	(63.4%)
Other operating expense	(1.0)	(2.6)	(163.6%)
EBITDA	13.0	17.3	32.7%

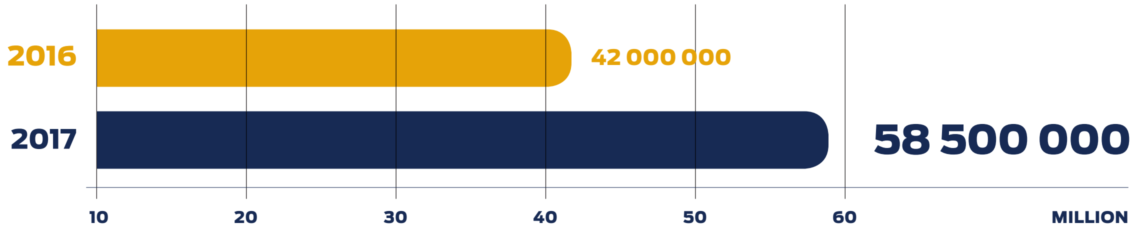
FACTS AND FIGURES

Number of orders increased by 7% compared to the previous year.



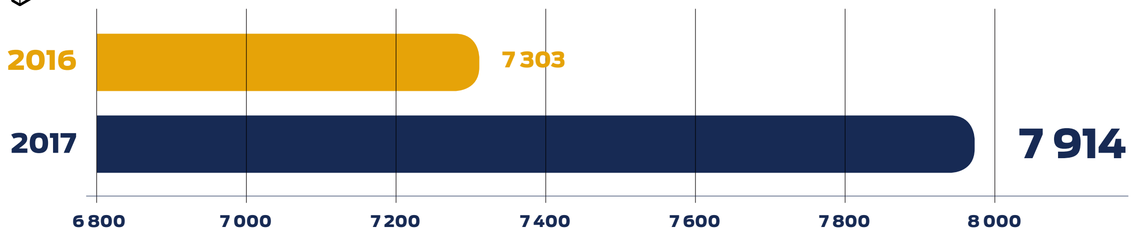
Number of orders (total per year)

Kilometres run reached 58 milion in 2017, which was a 39% increase compared to the previous year.



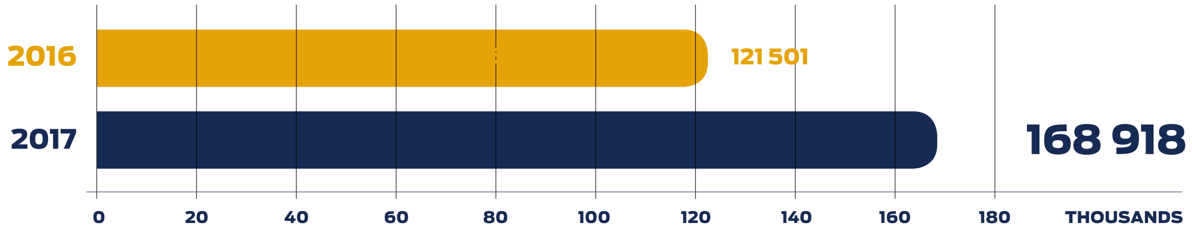
Kilometres (million per year)

Number of orders per day reached 7,900 in the RCL segment.



Orders per day

Transported tonnes per year increased by 39% year-on-year.



Weight (tonnes per year)

OTHER SEGMENT

+20% **damage statements** filed online

-25% **complaints**

Other segment P&L data* (EUR m)

	FY 2016	FY 2017	Increase (decrease)
Revenue	**31.9**	**50.6**	**58.6%**
Direct costs	(26.9)	(43.3)	(61.1%)
Gross profit	5.0	7.3	45.6%
OPEX	(1.0)	(0.4)	63.8%
EBITDA	4.0	6.9	74.0%
Gross margin	15.7%	14.4%	(1.3 pp)
EBITDA margin	12.4%	13.6%	1.2 pp

Other segment, which includes, among others, the third-party customers of the Insurance arm of the Group, developed nicely during the year. **Revenue** increased by 59% to EUR 51 million in 2017 versus 2016. Mainly client acquisitions drove the rise in revenue over the course of 2017.
Although other segment profitability showed some volatility during the year, mainly in line with the pace of damage claim processing, **EBITDA** rose significantly to EUR 7 million, and the EBITDA margin increased by 1.2 percentage points to 13.6%.

The Group's strategy related to the insurance business remains unchanged. The captive insurer role was the main reason Waberer's invested in the business and synergies based on damage data are being exploited. The third-party business continues to be a non-core activity for the Group.

*Since the insurance company was consolidated from April 1, 2016, year-to-date figures for 2016 do not include the first quarter results of the Insurance Company.

INNOVATION

The Group's business is characterised by industry-leading operational performance and efficiency. This is largely a result of its internally developed bespoke IT system, which complements its fully-standardised modern fleet, an integrated inhouse maintenance and insurance model, and a motivating management business model. The Group's proprietary "Waberer's Intelligent Routing Engine" ("WIRE") system, which was implemented in January 2016, calculates the optimal route between pickup and delivery points, taking into consideration elements such as costs or the minimum rest time requirements for drivers. In addition, the Group's proprietary "Waberer's Intelligent Planning Engine" ("WIPE") IT system, which was implemented in 2013, helps to optimally match free truck capacity with the orders received from customers to maximise loaded ratio. These systems were finetuned during the course of 2017 and better operability was achieved to enhance compliability with state-of-the art BI systems like SAP.

ASTRATA

The International Transportation Segment is supported by Astrata, a system that combines GPS positioning and wireless communications with drivers and geographical information technology, and enables the Group to monitor, track, trace and control the movement and status of its trucks.

WEBEYE

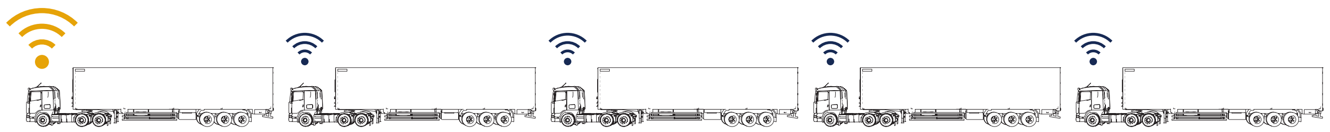
The Group's Regional fleet has been supported by WebEye's telematics systems since 2010. All Group telematics and monitoring services provided by WebEye are integrated into the existing enterprise management system. Big data predictive analytics help spot trends and deviations to help make immediate decisions on a management level.

E-PROCUREMENT- ELECTOOL FLUENTA

In order to increase the administrative efficiency of procurement and to ensure the most favorable supplier condition, Waberer's procurement team is working to provide the widest range of product and service portfolios thorough framework contracts based on competitive tenders.

To further enhance Waberer's procurement process the company has introduced a new IT system called Electool Fluenta. This new system will make the procurement process more transparent, and more regulated. The application provides a unified procurement framework to provide high-quality service while also enabling through auditing of procurement tenders.

With the introduction of this new electronic tendering system, paper-based administration has been significantly reduced. Using Fluenta's existing and continuously expanding database, Waberer's can expand the list of partners invited to tender to al-



About platooning:
Truck platooning is the linking of up to five trucks in a convoy, using connectivity (dedicated short-range communications) technology and automated driving support systems. These vehicles automatically maintain a set, close distance between each other when they are connected for certain parts of a journey, for instance on motorways. The truck at the head of the platoon acts as the leader (determines speed, direction, etc.), with the vehicles behind reacting and adapting to changes in its movement – requiring little to no action from drivers.
Truck platooning can significantly lower fuel consumption and CO2 emissions, given that trucks can drive closer together, the air-drag friction is reduced significantly. Platooning also optimizes transport by using roads more effectively, delivering goods faster, and reducing traffic jams and allowing drivers to undertake other tasks or start rest time.

Besides platooning and autonomous driving, Waberer's strongly believes that alternative powertrains offer great potential in domestic and even medium to long distance transportation (both from economic and environmental considerations). Therefore, as a next big step, in early 2018, Waberer's is planning to start third-party discussions with major European truck manufacturers and fuel providers about available trucks with alternative powertrains and necessary "fueling" infrastructure. Waberer's short to medium term plans are to test alternative (LNG, CNG, electric) powered vehicles in real life scenarios and based on the data/feedback from live tests, establish an alternative fueled pilot fleet within the next 12-18 months.

Waberer's medium-term plans are to participate in the "Logistics 4.0 innovative development program", in key areas such as Smart Warehousing & e-logistic systems development and robotic supported repair & maintenance.

low our company to take advantage of price competition and achieve the lowest possible purchase prices, while ensuring the diversity of available products and services.

Considering Waberer's size and its wide range of activities, the key features of the new e-procurement system are particularly beneficial. It not only enhances procurement processes and supports our partners, but it also helps achieve a more transparent tendering system and shorter lead times.

PLATOONING

Waberer's is continuously seeking out innovation and cutting-edge solutions in the freight transportation industry, simply to keep our leading position and to give appropriate feedback to dynamic market changes as early as possible. In line with our earlier engagement in September 2017, we organised the first truck platooning live traffic test in the CEE region, in cooperation with Volvo Trucks Europe.

SAP

The Group has started the process of replacing its IRS transportation and forwarding system with SAP's Transportation Management system. The SAP system uses latest technology and a clear functional architecture. The system is out-of-the-box, with standard functions available in the early phase of implementation, and integrates with the SAP ERP system. The new system is able to process more data with fewer manual inputs than the previous system, offers advanced analytical tools, allows for integration of newly acquired businesses more easily and efficiently, and also requires fewer edge applications. Management expects the new system to enable human resources to be utilised in a more efficient manner, to speed up fuel approval and posting, insurance management of the Group's fleet, and to simplify the running of multivariate payroll accounting while also making completion and transportation administration easier.

As part of the project, the SAP S / 4 HANA system adds additional logistical capabilities. It also adds the application map of Waberer's up-to-date SAP Cloud Platform based CRM and driver settlement applications. SAP BI applications are used to report and analyze data quickly and efficiently. The SAP TMS project also covers the integration of a strategic competitive advantage with design and route planning engines, as well as telematic and telemetric data which will be exploited in SAP BI systems. By the end of 2018, after functional testing, the SAP TMS system will be ready to go live.

5+ EUR million **saved** on 140+ million litres of fuel

15 thousand **tyres** used

TRUCK PLATOONING IS THE LINKING OF UP TO FIVE TRUCKS IN CONVOY, USING CONNECTIVITY TECHNOLOGY AND AUTOMATED DRIVING SUPPORT SYSTEMS.

INVESTOR RELATIONS

In June 2017, Waberer's International priced its initial public offering (IPO) at 5,100 forints per share, valuing it at HUF 90.2 million (EUR 291 million) in Budapest's biggest stock market debut for nearly two decades. Citigroup, Berenberg, Erste Group and Renaissance Capital acted as advisers on the offering.

EUR 32 million of the EUR 45 million in net new capital raised was used to fund the purchase of Link, a Polish logistics company, with the remainder used for "general corporate purposes".

INVESTOR ENGAGEMENT

During the IPO project in June, the company management participated in a Road Show which covered seven cities in Europe and the USA. Subsequently, company officials visited 8 events and met with a total of more than 100 international ainvestors in order to educate the market about the Company.

SHAREHOLDER STRUCTURE

The main shareholder is B.V. CEE Transport Holdco S. á.r.l. with 72% of the shares. Another portion of 16% is held by domestic and foreign institutional investors. The share of retail investors is 10%.

ANALYSTS

Waberer's has analyst coverage from five research houses. Citi, Erste, Raiffeisen, Reaissance Capital, and Wood & Company, all assigned by recommendations.

BÉT AWARD

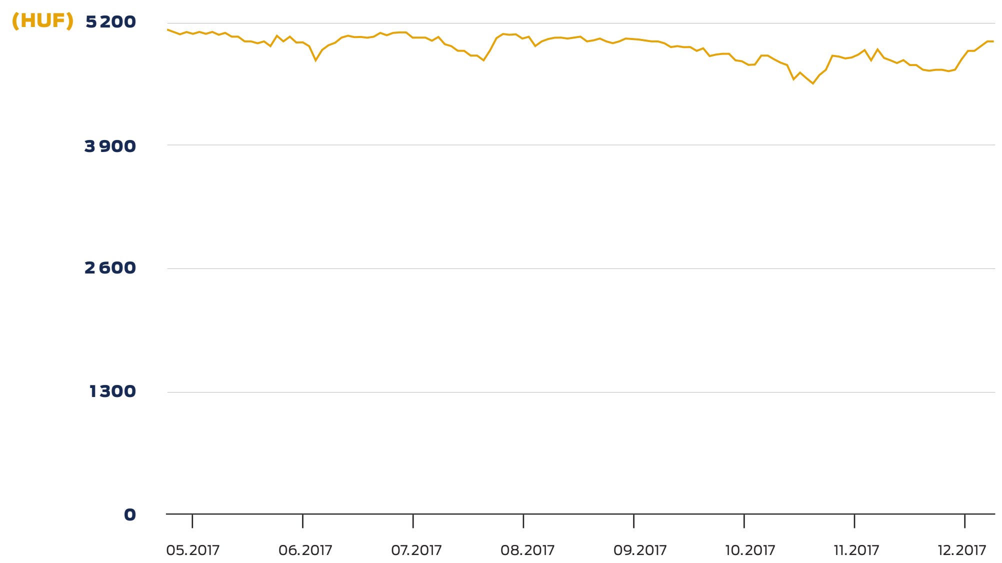
The BÉT Legek (Best of BSE 2017) Awards Gala is one of the key events for the Hungarian capital market. This year, outstanding performance on the stock exchange in 2017 were recognised in 13 categories based on market performance and the decisions of a professional panel. Waberer's International Nyrt. was named stock issuer of the year.

WABS BÉT PRIME MARKET

Information on Waberer's International Nyrt. Series „A" ordinary shares

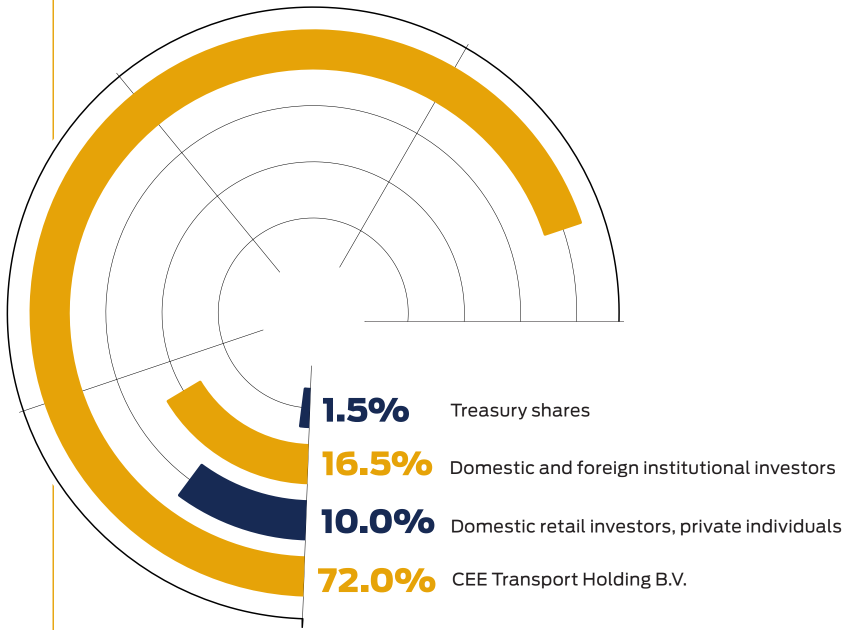
Markets listed	Budapest Stock Exchange (BSE)	ISIN	HU0000120720
Trading segment	Equities Prime Market	Reuters ticker	WABE.hu
BSE ticker	WABERERS	Bloomberg ticker	WABERERS HB
Xetra code	WABS		

Share price



Waberer's share price decreased by 8.27%, from HUF 5,125 on the first day of trading on 6th of July 2017 to HUF 4,701 on the last day of trading in 2017. Market capitalisation at the end of the year amounted to HUF 83.18 billion.

The shareholder structure of Waberer's International Nyrt, as of October 25, 2017



Investor Relations Contact

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HUMAN RESOURCES

Driver churn rate impoving and significantly lower than sector average

40.8% (2016) **37%** (2017)

In 2017, Waberer's put special emphasis on the importance of ensuring and developing human resources. As our activities are highly HR-related, it is crucial that we succeed in the field of recruitment and development of labour and on strengthening our position as competitive employers. We have formulated our processes and updated our systems to serve this goal.

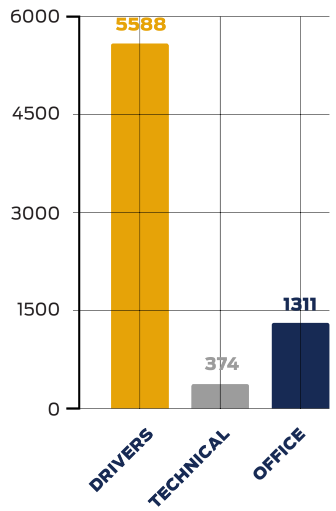
In recent years, the expectation to use of traditional methods of personnel management effectively has been complemented by the need to retain the workforce. Waberer's strives for an efficient employment management system that enables their employees to create long-term opportunities and motivating conditions. A strategic HR goal is now to reduce fluctuation and retain employees, since finding new staff is becoming more and more difficult in the ever-shrinking labour market environment.

In that context, it is a remarkable result that the driver churn rate in the International Transportation Segment significantly decreased over the past three years, from 52.5% in 2015, 40.8% in 2016 to 37% in 2017. It is an important achievement that this indicator fell by 2.7 percentage points compared to the 2016 figure for the total driver workforce. For office workers, the decrease in churn was even more dramatic as the group-level fluctuation index of 34.4% fell to 23.2% in 2017, showing a 11.2 percentage point year-on-year improvement.

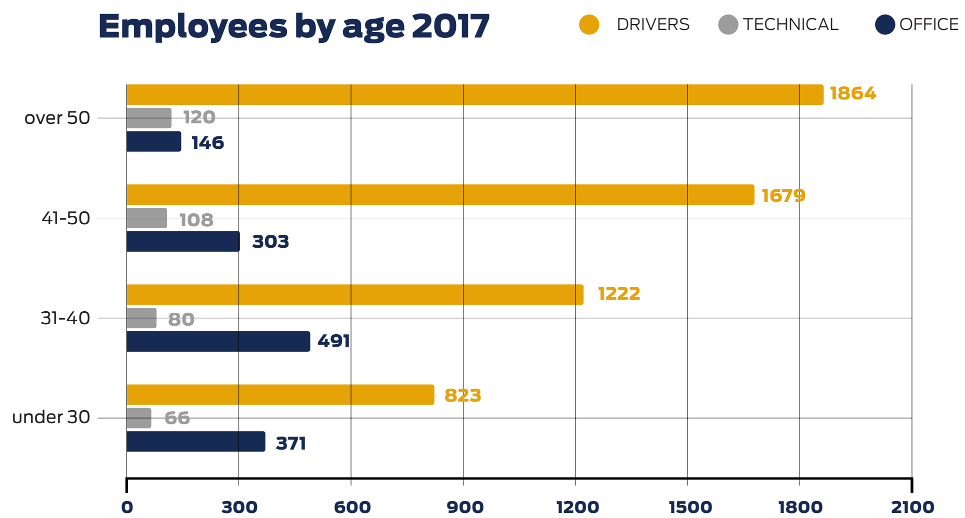
In addition to retaining employees, it is also important for the company to be intensively and efficiently present on the labour market, thereby recruiting the workforce most tailored to its needs. In 2017, many of our HR actions aimed to reach the target groups that are relevant to us and make the company attractive to them. The effectiveness of this work is well demonstrated by the fact that, despite the gradual decrease, but still relatively high fluctuation, we were able to provide the necessary workforce throughout the year, even for the highly sought driver and other complex logistics positions. In addition, our focus was on maintaining and continuously improving our valuable staff through our purposeful actions.

Our personnel strategy will continue to follow the guideline for our group to adapt quickly and effectively to the accelerated and radical changes in the external workforce environment. Our goal is to create an employer image that is appealing to all of our relevant employee groups. Furthermore, we continue to strive to provide our existing employees with a long-term, attractive perspective, thus creating a stable and loyal team in the company.

Employees 2017



Employees by age 2017



SUSTAINABILITY

Waberer's International Nyrt. is committed to **sustainable development.** As part of our Sustainability Policy, we focus on **social responsibility** and environmental protection, **environmentally sustainable** operation, as well as continuous compliance with legislation in place for the protection of the human and natural environment. In addition, for **economic sustainability** we use the latest developments in haulage, forwarding and logistics in our operation.

SUSTAINABLE OPERATION FOR THE PROTECTION OF OUR ENVIRONMENT

An important part of our operation in terms of environmental sustainability is the continuous rationalisation of our **energy consumption.** We strive for energy efficiency through the constant renewal of our young vehicle fleet, the purchase of vehicles with the most up-to-date **EURO 6 engines** and the training of our drivers. Waberer's drivers take part in driving technique trainings to promote safe and fuel-saving work performance. The cost-cutting driving technique also contributes to achieving one of the main sustainability goals of Waberer's, which is the reduction of the environmental impacts caused by its operation.
The company's environmental management system complies with the EN ISO14001 standard while its energy management system is in compliance with the ISO50001:2011 **standard.** As specified by the standards, we constantly monitor and analyse our environmental impacts and energy consumption, as well as ensure that the **environmental impact** of our activities is kept to minimum.

For many years, Waberer's has been a committed supporter and user of developments through which it can **reduce** its **ecological footprint.** Last year, with the same purpose we launched our **intermodal project** to combine the benefits of truck freight and rail freight transport. Special railway wagons designed for this purpose can quickly and easily take the cargo from fully loaded trucks. Waberer's has the capacity to further increase the number of intermodal freight transport trips and the transported volume in the future.

We implemented a complex **digitisation process** in 2017, as part of which we introduced a self-developed resource optimisation system that not only helps with more efficient freight transport but also saves on-board information data for our entire fleet. This way we can optimise the routes of our vehicles, avoiding unnecessary mileage.
Technological developments such as **self-driving truck** convoys, e-truck testing and robotics development all help to make road haulage more secure, greener and more **efficient**, and through cooperation with our partners in this activity, we take a pioneering role in implementing the most advanced technologies into processes. We believe that, through technological advances, we can achieve **fuel efficiency** in road transport that matches or even exceeds that in rail transport in the future.

FOR MANY YEARS, WABERER'S HAS BEEN A COMMITTED SUPPORTER AND USER OF DEVELOPMENTS THROUGH WHICH IT CAN REDUCE ITS ECOLOGICAL FOOTPRINT.

WABERER'S SOCIAL COMMITMENT

Waberer's is driven by its **corporate values,** namely **innovation, reliability, commitment, adaptability** and the need for sustainability during its CSR activities. Therefore we especially support communities and initiatives that serve the education of disadvantaged, children and the preservation of their **health,** as well as the protection of our **environment**. Higher education institutions and foundations also receive regular donations from our support funds. We consider it important to provide assistance in crisis situations and we are happy to participate in animal protection initiatives in order to help protect wildlife in our surrounding environment.

In addition to creating a CSR Policy, Waberer's established a **CSR Group** that holds meetings on a regular basis, carrying out tasks related to environmental protection, business ethics, sustainable procurement and social support.

OUR WORK WITH THE INTERNATIONAL CHILDREN'S SAFETY SERVICE

In 2017, we supported the activities of the International **Children's Safety Service**, which works to improve the living conditions of physically and intellectually impaired, orphaned and disadvantaged children in multiple areas. After assessing the needs of the International Children's Safety Service, we donated the most modern ambulance in Hungary to the organisation. With our support, the service also travels with a special cancer screening truck to the furthest corners of the country, to provide regular screenings for residents with difficult access to health services. Waberer's has assumed all the maintenance and running costs of the truck specially converted for the performance of gynaecological screenings, as well as of its preparations visit to various sites. Our company launched its **scholarship programme** in 2007 to support high-performing, disadvantaged students with a monthly scholarship. The program was created with the aim of supporting children and young people who have a high level of achievement, but have a disadvantaged social background, even until the end of their university studies, giving them a better start in life. With the help of the International Children's Safety Service, 30 students receive financial support throughout the year, which is tremendous help to families included in the programme, as it contributes, for example, to the financing of private lessons, after-school activities or school supplies. In the case of continued good academic achievement, students who have been included in the programme will be eligible for a scholarship until they receive their first diploma. Millions of forints a year have been allocated to this cause.

TOGETHER WITH THE HAND IN HAND FOUNDATION FOR SOCIAL INCLUSION

As an **independent NGO,** the Foundation has been working since 1993 to improve the living conditions of children and adults with disabilities and assist their social inclusion. Waberer's participates as a sponsor for the series of national public awareness-raising events of the Hand in Hand Foundation and in the implementation of the "Accept and Embrace" Campaign, which helps ensure that children and adults supported by the organisation can live with dignity in our society. In 2017, Waberer's provided vehicles, drivers and fuel, as well as other technical equipment and personnel for the events organised by the foundation.

SUPPORTING TALENTED YOUTH

Traditionally, we support Hungarian higher education in logistics, traffic engineering and transport: every year at the Budapest and Győr universities, around a dozen students receive Waberer's scholarships as a result of one application process per semester (of five months each).

WABERER'S BLOOD DONOR TRUCK IN SUPPORT OF THE RED CROSS

Waberer's International Nyrt. provides support to the blood donation activities of the Red Cross within the framework of long-term cooperation. We provide the organisation with a truck modified specifically for blood donation, and also assume the maintenance and running costs of the vehicle, thus contributing to the smooth implementation of Red Cross activity.

UNILEVER–DOMESTOS SCHOOL TOILET RENOVATION PROGRAMME

A charitable cooperation between Waberer's and Unilever was established in 2017, largely to benefit schoolchildren. Our company's commitment to social causes is demonstrated by our participation in the School Toilet Renovation Programme, and by providing the building materials needed for renovation works, free of charge, for the winning schools.

RECOGNITION

CSR Hungary Awards for Sustainable Operation and for work shared with Disaster Management Waberer's-Szemerey Logistics Kft. received **two awards** at the end of 2017 at the CSR Hungary awards ceremony. By participating in the competition the member of the Waberer's Group wanted to draw attention to how social responsibility can be a decisive element on all levels of operation in a domestic company. Owing to the receipt of the prestigious awards, Waberer's-Szemerey can now use the CSR Hungary volunteer trademark for 2 years.

The award within the category "Environment-Green Excellence" demonstrates that the company can handle sustainability measures at a strategic level, thus successfully limiting its environmental impacts.

In addition to sustainability, by its participation at CSR Hungary Waberer's-Szemerey also wished to draw attention to the fact that cooperation with authorities may go beyond compliance with regulations. Disaster Management has been a partner of Waberer's-Szemerey since 2012, and the partnership includes, among others, the Bükk Rescue Team which specialises in specific rescue tasks of the Borsod-Abaúj-Zemplén County Disaster Management Directorate. The company received the CSR Hungary recognition award for "Common Affairs-Common Responsibility" for that project.

CORPORATE GOVERNANCE

The management body of the Company is the Board of Directors. The Board of Directors consists of maximum seven members. The members of the Board of Directors are elected by the General Meeting for an indefinite period. The Board of Directors establishes its own rules of procedure itself.

The Board of Directors may decide on all issues and matters affecting the Company if they do not fall under the exclusive competence of the General Meeting. The Board of Directors represents the Company vis-à-vis third parties, before courts and other authorities. The Board of Directors is entitled to acquire rights and undertake obligations on behalf of the Company and to specify the business activities of the Company.

The members of the Board of Directors may hold senior officer positions in another business organisations also engaged in activities identical with those of the Company only if it has been authorised by the Board of Directors of the Company. Such authorisations have been granted to members of the Board of Directors Stefan Delacher and Gerard van Kesteren. In addition to his position on the Board of Directors of the Company, Stefan Delacher has been an adviser at Rothschild GFA since 2007 and has been a member of the Supervisory Board at Raben Logistics since 2006. In addition to his position on the Board of Directors of the Company, Gerard Van Kesteren is a member of the Supervisory Board at the companies Raben Group and Planzer Holding AG as well as a member of the Board of Directors and Chairman of the Audit Committee at Janel Corporation, and an adviser at Astor Place Holdings.

Members of the Board of Directors, their independence status and the date of their appointment in 2017 (the curriculum vitae of current members are available on the Company website).

Members of the Board of Directors

Name	Status	Date of appointment
Stefan Delacher	independent non-operational (external) member	31.05.2011– for an indefinite period
Miklós Bethlen	non independent (delegated by the main shareholder) non-operational (external) member	31.05.2011–21.12.2017
Csanád Dániel	non independent non-operational (external) member	01.08.2013–31.05.2017
Gerard van Kesteren	independent non-operational (external) member	29.07.2016– for an indefinite period
Ferenc Lajkó	non independent operational member	06.03.2017– for an indefinite period
Barna Erdélyi	non independent operational member	06.03.2017– for an indefinite period
Dr Péter Lakatos	independent non-operational (external) member	06.03.2017– for an indefinite period
Robert Knorr	non independent (delegated by the main shareholder) non-operational (external) member	21.12.2017– for an indefinite period

Of the members of the Board of Directors, Péter Lakatos and Lakatos, Köves and Partners Law Office, controlled by him, have contracts with the Company regarding other legal relationships. However, the member of the Board of Directors declared that the legal relationship indicated above does not represent a conflict of interest and would not threaten decision-making serving the interests of all shareholders. Following the admission to the Stock Exchange, member of the Board of Directors Stefan Delacher did not provide any other expert services to the Company separate from his tasks within the Board of Directors through PSP Projektenwicklung GmbH, controlled by it.

On December 31, 2017, the members of the Board of Directors held the number of shares indicated below:

Number of shares of the Board of Directors

Gerard van Kesteren	3,018 shares
Ferenc Lajkó	11,559 shares

In 2017 the Board of Directors held seven meetings with the participation rate detailed below.

Name	Number of meetings	Participation rate	Notes
Total	7		
Stefan Delacher	7	100%	
Miklós Bethlen	6	85.7%	
Csanád Dániel	3	100%	He resigned from his membership effective from May 31, 2017.
Gerard van Kesteren	7	100%	
Dr Péter Lakatos	7	100%	
Ferenc Lajkó	7	100%	
Barna Erdélyi	7	100%	
Robert Knorr	-	-	Appointed as a member of the Board of Directors effective from December 21, 2017.

CHIEF EXECUTIVE OFFICER

According to a decision made on July 29, 2016, the work of the Company is organised, led, directed and checked by the CEO elected by the General Meeting (previously by the Board of Directors from among its own members) subject to the relevant legislation and the Articles of Association, in accordance with the decisions of the General Meeting and the Board of Directors. His scope of authority includes making decisions on all cases that are not referred to the exclusive competence of the General Meeting or the Board of Directors. The CEO establishes the work organisation of the Company, exercises the employer's rights over the employees of the Company (other than the deputy CEO), but may delegate this power to the employees of the Company.

Mr Ferenc Lajkó was elected CEO of the Company by the General Meeting effective from July 29, 2016.

Introduction of the Management

FERENC LAJKÓ,
CEO

ERDÉLYI BARNA,
General Deputy CEO

BENCE NYILASY,
Chief Executive Officer of Wáberer Hungária Zrt.;

ZSOLT BARNA,
Managing Director of Waberer's-Szemerey Kft. and head of the regional contracted logistics business line;

PAWEL MODER,
CEO of Link sp.z.o.o.

The curriculum vitae of the members of the management are available on the Company website (www.waberers.com).

Members of the Supervisory Board, their independence status and dates of appointment in 2017:

Name	Status	Date and duration of appointment
Peter Michael Vincent Grace	independent	15.07.2016– for an indefinite period
Gabriella Beregszászi	independent	15.07.2016–31.05.2017
Sándor Székely, employees' delegate	non-independent	11.05.2017– for an indefinite period
Mrs Mária Szalai (née Kazus-ka), employee delegate	non-independent	31.05.2017– for an indefinite period
Philip Marshall	independent	from 31.05.2017– for an indefinite period
Gábor Béla Nagy	independent	31.05.2017– for an indefinite period
Dr Zoltán György Bodnár	independent	31.05.2017– for an indefinite period

In the 2017 financial year, the Supervisory Board held five meetings with 100% participation rate and adopted all resolutions with 100% support. The Supervisory Board adopted resolutions without holding a meeting on two occasions in relation to the agenda items of the General Meeting.

SUPERVISORY BOARD

When the corporate form was changed, the number of members of the Supervisory Board was increased to six. According to the Articles of Association adopted on May 11, 2017, the members of the Supervisory Board are elected by the General Meeting for an indefinite period. One third of the Supervisory Board (two persons) are the employees' delegates. The majority of the members of the Supervisory Board must be independent persons. A member of the Supervisory Board is considered independent if he or she does not have any legal relationship with the Company other than his or her Supervisory Board membership and the relationship falling within the usual activities of the Company and operations meeting the needs of the member of the Supervisory Board.

THE CHAIRMAN OF THE SUPERVISORY BOARD:

- Convenes and chairs the meetings of the Board;
- Ensures that the minutes of the meeting are duly kept;
- May attend the meetings of the Board of Directors;
- May initiate the convening of a General Meeting;
- Submits an annual report on the work of the Board and the Company to the General Meeting.

Audit committee

The General Meeting elects a three member Audit Committee from the members of the Supervisory Board qualifying as independent for the same period as that of the Supervisory Board membership of the individual members. The Audit Committee was established with regard to the admission of the shares of the Company to the stock exchange on the date of listing of the shares on the Budapest Stock Exchange.

Members of the Audit Committee, their status and dates of appointment (the curriculum vitae of the members are available on the Company website):

Name	Status	Date of appointment
Peter Michael Vincent Grace	independent	upon admission to the stock exchange, for the mandate of Supervisory Board membership
Philip Marshall	independent	upon admission to the stock exchange, for the mandate of Supervisory Board membership
Dr Zoltán György Bodnár	independent	upon admission to the stock exchange, for the mandate of Supervisory Board membership

Nomination and remuneration committee

Members of the Nomination and Remuneration Committee, their status and dates of appointment (the curricula vitae of the members are available on the Company website):

Name	Status	Date of appointment
Peter Michael Vincent Grace	independent	15.07.2017 – for the mandate of membership in the Supervisory Board
Gábor Béla Nagy	independent	15.07.2017 – for the mandate of membership in the Supervisory Board
Gerard van Kesteren	independent	15.07.2017 – for the mandate of membership in the Board of Directors

AUDITOR

The auditor for the Company is Ernst&Young Könyvvizsgáló Korlátolt Felelősségű Társaság (head office: H-1132 Budapest, Váci út 20., Hungary). During the period covered by this report, the auditor performed certain tax advisory services for the Company, subject to prior agreement with the Audit Committee. These activities did not impose any threat to the independence of the Auditor.

DECLARATION

Undersigned, authorised representatives of WABERER'S INTERNATIONAL Nyrt., the issuer of WABERER'S INTERNATIONAL Nyrt. ordinary shares, hereby declare that WABERER'S INTERNATIONAL Nyrt. takes responsibility for the 2017 Annual Report of WABERER'S Group, which has been prepared to the best of our knowledge in accordance with the applicable financial reporting standards, giving a true and fair view of the assets, liabilities, financial position, and profit of WABERER'S INTERNATIONAL Nyrt. and its subsidiaries, and presents a fair review of the position, development and performance of WABERER'S INTERNATIONAL Nyrt. and its subsidiaries together with a description of principal risks and uncertainties.

Budapest, March 23, 2018

FERENC LAJKÓ
Chief Executive Officer

BARNA ERDÉLYI
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF WABERER'S INTERNATIONAL NYRT.

Report on the audit of the consolidated annual financial statements

OPINION

We have audited the accompanying 2017 consolidated annual financial statements of WABERER'S INTERNATIONAL Nyrt. ("the Company") and its subsidiaries (altogether "the Group"), which comprise the consolidated statement of financial position as at December 31, 2017 –, (showing a balance sheet total of EUR 681,357,378 and a total comprehensive income for the year of EUR 18,390,852) –, the related consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and notes to the consolidated annual financial statements, including a summary of significant accounting policies.

In our opinion the consolidated annual financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2017, and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRSs") and has been prepared, in all material respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Hungarian Accounting Law") relevant for consolidated annual financial statements prepared in accordance with EU IFRSs.

BASIS FOR OPINION

We conducted our audit in accordance with the Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April 16, 2014, on specific requirements regarding statutory audit of public-interest entities ("Regulation (EU) No. 537/2014"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated annual financial statements" section of our report.
We are independent of the Group in accordance with the applicable ethical requirements according to relevant laws in effect in Hungary and the policy of the Chamber of Hungarian Auditors on the ethical rules and disciplinary proceedings and, concerning matters not regulated by any of these, with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with these requirements.

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, are of most significance in our audit of the consolidated annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated annual financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated annual financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated annual financial statements.

CUT-OFF OF SALES TRANSACTIONS AND REVENUE RECOGNITION

The Group's consolidated third-party revenue amounted to EUR 674 million in 2017. The Group focuses on revenue as a key performance measure which might create an incentive for revenue to be recognised before the risks and rewards have been transferred. Based on this we consider the recognition of revenue in the correct period significant to our audit and a key audit matter.

Our audit procedures included understanding of key controls over revenue recognition which are designed to ensure proper timing and recognition, of revenues when risk and rewards are transferred to customers. We analysed the Group's revenue through entire populations of journal entries of sales transactions including correlations between revenue, accounts receivables, value added tax and cash inflows. On a sample basis we circularized outstanding debtor balances and tested subsequent cash inflows. We tested a sample of significant sales transactions closed around the balance sheet date as well as credit notes issued after the balance sheet date to assess whether revenue was recognised in the correct period. We performed analytical review procedures on revenue comparing actual data to our expectations developed based on our prior experience of the Group's business. We assessed the adequacy of the Group's disclosures in respect of revenue in accordance with the EU IFRSs.

The Group's disclosures about revenue are included in Note 3. (n); Note 5 and Note 23.

ACCOUNTING FOR THE LINK SP. Z.O.O. ACQUISITION

In July 2017 Waberer's International Nyrt. acquired Link sp.z.o.o. ("Link"). A new goodwill relating to the acquisition of this company has been recorded for an amount of EUR 35 million in the consolidated annual financial statements. The goodwill was ultimately determined as a difference between the consideration transferred and the fair value of the acquired Link's identifiable net assets. We considered the audit of accounting for this acquisition to be a key audit matter as this is a significant transaction during the year which requires significant management judgement regarding the allocation of the purchase price to the assets and liabilities acquired and adjustments made to align accounting policies of the newly acquired entity. This exercise also requires management to determine the fair value of the assets and liabilities acquired and to identify intangible assets acquired in the acquisition.

We have, inter alia read the sales and purchase agreements to obtain an understanding of the transaction and the key terms, assessed whether the appropriate accounting treatment was applied to this transaction and assessed the valuation for the considerations paid. We tested the identification and fair valuation of the acquired assets, including intangible assets acquired and liabilities by corroborating this identification based on our discussion with management and understanding of the business of Link We involved a specialist to assist us in reviewing the valuation methodologies used by management.

We also assessed the adequacy of the related disclosures in the consolidated annual financial statements regarding these acquisitions in Note 7. (a).

GOODWILL MEASUREMENT – ANNUAL IMPAIRMENT TESTING

Goodwill amounting to EUR 53 million as at December 31, 2017, represents 8% of the consolidated balance sheet total. EUR 35 million from this amount was recorded in 2017 related to acquisition of Link. The previously recognised goodwill is EUR 18 million. Management is required to test goodwill for impairment yearly on the basis of the accounting policies used. We considered the audit of goodwill measurement to be a key audit matter due to the significant judgement and assessment made by the management at this impairment assessment, including mainly management estimates of future results of the cash-generating units. These assumptions are affected by expectations of future market or economic conditions.

We involved valuation specialists in our audit to support our assessment of the assumptions and methods that were used by the Group in the cash flow model. We evaluated the projected growth rate and associated cash flows and determined whether these were aligned with the business plan drawn up by management. In addition, we performed procedures relating to the disclosures on impairment testing included in the consolidated annual financial statements, looking specifically at the disclosure of key assumptions that have the most significant effect on the determination of the recoverable amount of the goodwill. In connection with this, we verified whether these disclosures are adequate and provide sufficient insight into the assumptions disclosed and sensitivities of the assumptions underlying the valuation.

Disclosure of goodwill and other intangible assets are included Note 3. (e) and Note 7. (a) of the consolidated annual financial statements.

OTHER INFORMATION

Other information consists of the 2017 consolidated business report of the Group and consolidated annual report. Management is responsible for the other information, including preparation of the consolidated business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the consolidated annual financial statements does not cover the other information.

In connection with our audit of the consolidated annual financial statements, our responsibility is to read the other information and, in doing so, consider whether 1) the other information is materially inconsistent with the consolidated annual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated and 2) the consolidated business report has been prepared in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

Our opinion on the consolidated business report should include the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law and we are required to confirm also whether the information prescribed in Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law has been made available and whether the consolidated business report includes the non-financial statement as required by Subsection (5) of Section 134 of the Hungarian Accounting Law.

In our opinion, the consolidated business report of the Group, including the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law for 2017 is consistent, in all material respects, with the 2017 consolidated annual financial statements of the Group and the relevant requirements of the Hungarian Accounting Law.

Since no other legal regulations prescribe further requirements for the Group with regard to its consolidated business report, we do not express an opinion in this regard.

We also confirm that the Group have made available the information required according to Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law and that the consolidated business report includes the non-financial statement as required by Subsection (5) of Section 134 of the Hungarian Accounting Law.

Further to the above, based on the knowledge we have obtained about the Group and its environment in the course of the audit, we are required to report whether we have identified any material misstatement in the other information, and if so, the nature of the misstatement in question. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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

In preparing the consolidated annual financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial statements.

As part of an audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including Regulation (EU) No. 537/2014, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the consolidated annual financial statements of the current period and are therefore the key audit matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Reporting requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014:

APPOINTMENT AND APPROVAL OF AUDITOR

We were appointed as the statutory auditor by the General Assembly of Shareholders of the Company on March 31, 2016. The total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 7 years.

CONSISTENCY WITH ADDITIONAL REPORT TO AUDIT COMMITTEE

Our audit opinion on the consolidated annual financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued in accordance with Article 11 of the Regulation (EU) No. 537/2014 on the same date as the date of this report.

NON-AUDIT SERVICES

Except for a minor breach that was reported to the audit committee, prohibited non-audit services referred to in article 5(1) of the Regulation (EU) No. 537/2014 were not provided. The audit firm remained independent of the audited entity in conducting the audit.

The engagement partner on the audit resulting in this independent auditor's report is Tamás Lelkes.

Budapest, March 19, 2018

Tamás Lelkes
engagement partner
Ernst & Young Kft.
1132 Budapest, Váci út 20.
Registration No. 001165

Zsuzsanna Bartha
Registered auditor
Chamber membership No.: 005268

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

data in EUR

Description	Note	January 1, 2016	December 31, 2016	December 31, 2017
		modified	modified	
NON-CURRENT ASSETS				
Property	8	16 758 671	19 937 753	21 420 882
Fixed assets not yet capitalised	8	4 940 740	1 811 283	1 093 544
Vehicles	8	235 625 070	233 302 656	294 384 349
Other equipment	8	5 708 837	6 619 085	7 009 613
Total property, plant and equipment		**263 033 318**	**261 670 777**	**323 908 389**
Intangible assets	7	1 889 352	4 056 980	8 993 815
Goodwill	7	18 502 088	18 502 088	53 379 212
Other financial investments - debt instruments - long term	11	-	26 306 728	37 705 654
Other financial investments - equity instruments - long term	11	-	17 994 385	5 663 729
Other non-current financial assets	10	812 467	931 022	130 447
Reinsurance amount of technical reserves	21,27	-	14 584 004	20 571 689
Deferred tax asset	33	462 926	401 939	2 189 410
TOTAL NON-CURRENT ASSETS		**284 700 151**	**344 447 923**	**452 542 346**
CURRENT ASSETS				
Inventories	12	2 877 932	3 314 497	3 788 470
Current income taxes	32	1 615 659	2 537 435	1 510 400
Trade receivables	13	87 621 441	88 126 518	119 341 477
Other current assets and derivatives	14	48 423 174	41 039 802	45 025 864
Cash and cash equivalents	16	10 439 523	31 665 305	58 997 190
Assets classified as held for sale	15	4 550 122	2 068 319	151 631
TOTAL CURRENT ASSETS		**155 527 851**	**168 751 876**	**228 815 032**
TOTAL ASSETS		**440 228 002**	**513 199 799**	**681 357 378**
SHAREHOLDERS' EQUITY	**17**			
Share capital		5 128 910	5 037 513	6 179 206
Reserves and retained earnings		96 298 609	102 091 184	162 748 792
Translation difference		(137 140)	(736 505)	(1 719 822)
Total equity attributable to the equity holders of the parent company		**101 290 379**	**106 392 192**	**167 208 176**
Non-controlling interest		**4 729 127**	**7 855 965**	**8 269 420**
TOTAL SHAREHOLDERS' EQUITY		**106 019 506**	**114 248 157**	**175 477 596**

Description	Note	January 1, 2016	December 31, 2016	December 31, 2017
LIABILITIES				
LONG-TERM LIABILITIES				
Long-term portion of long-term loans		8 622 375	0	-
Long-term portion of leasing liabilities	18	146 852 798	162 244 189	206 756 628
Deferred tax liability	33	3 800 415	2 022 876	1 297 159
Provisions	19	949 920	16 868 591	21 660 029
Other long-term liabilities	20	6 311 990	0	6 448 045
Other insurance technical provision - long term	21	-	30 229 923	41 640 209
TOTAL LONG-TERM LIABILITIES		**166 537 498**	**211 365 579**	**277 802 071**
CURRENT LIABILITIES				
Short-term loans and borrowings	35	29 910 880	14 981 432	5 209 370
Short-term portion of leasing liabilities	19	51 153 118	65 872 100	81 428 866
Trade payables	35	70 329 330	83 999 380	114 439 260
Current income taxes	32	238 293	195 461	618 291
Provisions	19	4 603 025	2 771 753	3 351 274
Other current liabilities and derivatives	22	11 436 352	12 802 827	19 165 853
Other insurance technical provision - short term	21	-	6 963 110	3 864 798
TOTAL CURRENT LIABILITIES		**167 670 998**	**187 586 063**	**228 077 712**
TOTAL LIABILITIES		**334 208 496**	**398 951 642**	**505 879 783**
TOTAL EQUITY AND LIABILITIES		**440 228 002**	**513 199 799**	**681 357 378**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Description	Note	International Transportation	Regional Contract Logistics	Other	Inter-segment transfers	2016 1-12	International Transportation	Regional Contract Logistics	Other	Inter-segment transfers	2017 1-12
Continuing activities											
Revenue											
Own-fleet revenue	23	354 820 645	39 724 144		(140 035)	394 404 754	391 401 548	54 235 668	-	(71 000)	445 566 216
Subcontractor revenue	23	79 796 027	29 318 710		(1 036 314)	108 078 423	98 080 908	34 670 716	-	(740 762)	132 010 862
Other revenue	23	16 784 764	28 927 323	31 911 271	(7 754 723)	69 868 635	22 145 076	35 630 926	50 621 242	(11 592 821)	96 804 423
INTER-SEGMENT (-)	23	(7 979 410)	(951 662)		8 931 072	-	(11 463 535)	(941 0486)	-	12 404 583	-
NET REVENUE	23	443 422 026	97 018 515	31 911 271	-	572 351 812	500 163 997	123 596 262	50 621 242	-	674 381 501
Cost of trucking subcontractors	23	(69 272 325)	(25 115 082)		1 255 071	(93 132 336)	(89 161 787)	(29 399 699)	-	809 931	(117 751 554)
Cost of goods sold	23	(13 734 186)	(5 087 734)	-	5 172 282	(13 649 638)	(15 921 157)	(2 779 680)	-	8 571 336	(10 129 501)
Direct wages, benefits & allowances	24	(75 534 340)	(11 055 658)	-	-	(86 589 998)	(87 445 497)	(16 270 963)	-	-	(103 716 460)
Direct wages	24	(29 195 695)	(7 808 816)	-	-	(37 004 511)	(32 613 791)	(11 322 508)	-	-	(43 936 299)
Fixed salaries	24	(21 505 660)	(4 381 788)	-	-	(25 887 448)	(25 557 328)	(7 229 2196)	-	-	(32 786 547)
Variable wages	24	(7 690 035)	(3 427 029)	-	-	(11 117 063)	(7 056 463)	(4 093 289)	-	-	(11 149 752)
Direct allowances and related contributions	24	(46 338 645)	(3 246 842)	-	-	(49 585 487)	(54 831 706)	(4 948 455)	-	-	(59 780 162)
Fuel cost	25	(95 890 574)	(8 774 123)	-	10 956	(104 653 741)	(103 811 121)	(13 351 619)	-	41 419	(117 121 320)
Toll fees & transit costs	26	(80 584 906)	(13 884 460)	-	240 365	(94 229 000)	(91 648 045)	(19 694 323)	-	380 568	(110 961 800)
Toll fees	26	(60 570 239)	(5 224 108)		-	(65 794 347)	(64 160 378)	(8 142 615)	-	(6 791)	(72 309 784)
Crossing	26	(21 967 856)	(36 777)		36 447	(21 968 186)	(26 078 689)	(5 725)	-	5 233	(26 079 181)
Cost of rented services	26	(193 568)	(8 122 935)		184 771	(8 131 733)	(403 146)	(11 032 4756)	-	335 470	(11 100 150)
Other transit	26	2 146 759	(500 640)		19 147	1 665 266	(1 005 831)	(513 509)	-	46 655	(1 472 685)
Repair & maintenance	28	(10 060 907)	(2 708 377)	-	384 066	(12 385 218)	(12 164 593)	(2 835 745)	-	(996 859)	(15 997 198)
Material costs	28	(3 592 367)	(1 427 770)	-	7 870	(5 012 267)	(4 542 677)	(1 556 138)	-	13 073	(6 085 743)
Services	28	(6 468 540)	(1 280 607)	-	376 196	(7 372 951)	(7 621 916)	(1 279 608)	-	(1 009 931)	(9 911 455)
Insurance costs	28	(12 703 002)	(1 135 101)	(10 530 271)	-	(24 368 374)	(9 823 033)	35 882	(18 006 428)	2 264 485	(25 529 094)
Reinsurance fee	27	(959 771)	(78 271)	(16 378 651)		(17 416 693)	(1 192 587)	(135 094)	(25 360 535)	-	(26 688 216)
Direct rent	28	(1 323 567)	(3 978 462)	-	(127 883)	(5 429 912)	(1 062 112)	(4 092 230)	-	(443 765)	(5 598 107)
Other contracts	28	(357 292)	(1 353 880)	-	95 295	(1 615 877)	(419 336)	(1 686 765)	-	1	(2 106 100)
Vehicle weight tax and other transport related taxes	28	(1 555 310)	(335 784)	-	-	(1 891 094)	(1 708 713)	(421 186)	(1 197	-	(2 131 096)
Total direct costs		(361 976 180)	(73 506 932)	(26 908 922)	7 030 152	(455 361 882)	(414 357 979)	(90 631 423)	(43 368 160)	10 627 116	(537 730 446)
Net gain on fleet sales	15	3 647 367	30 820	22 068	-	3 700 255	4 233 148	80 917	28 486	(389 872)	3 952 679
Gross profit		93 072 623	24 494 065	5 024 417	(1 900 920)	120 690 185	101 502 701	33 986 804	7 281 567	(2 167 339)	140 603 734
as % of revenue		20,99%	25,25%	15,74%		21,09%	20,29%	27,50%	14,38%		20,85%
Indirect wages & benefits	29	(21 382 813)	(5 397 595)	(845 570)		(27 625 978)	(24 983 841)	(8 022 400)	(1 156 006)	-	(34 162 248)
Other services	29	(13 667 243)	(5 920 381)	(567 853)	1 834 492	(18 320 985)	(14 866 339)	(7 466 601)	38 848	2 773 636	(19 520 456)
Property maintenance, utilities and rent	29	(1 685 915)	(2 187 780)	(71 939)	110 303	(3 835 331)	(1 990 361)	(3 279 166)	(164 502)	602 860	(4 831 169)
Professional fees	29	(4 612 346)	(1 300 221)	(158 329)	917 721	(5 153 175)	(3 681 003)	(1 310 253)	(454 344)	855 217	(4 590 384)
IT	29	(1 524 300)	(819 317)	(189 808)	390 480	(2 142 945)	(1 770 399)	(942 320)	(458 554)	355 503	(2 815 770)
Communications	29	(362 639)	(105 181)	(103 783)	2 800	(568 803)	(386 774)	(130 672)	(205 499)	812	(722 134)
Company cars	29	(421 905)	(340 938)	(9 801)	161 730	(610 914)	(1 228 725)	(200 251)	(11 198)	748 560	(691 613)

Description	Note	International Transportation	Regional Contract Logistics	Other	Inter-segment transfers	2016 1-12	International Transportation	Regional Contract Logistics	Other	Inter-segment transfers	2017 1-12
Marketing	29	(894 270)	(97 370)	(72 726)	43 487	(1 020 879)	(424 627)	(75 864)	(164 920)	29 728	(635 684)
Others	29	(4 165 867)	(1 069 574)	38 532	207 972	(4 988 937)	(5 384 449)	(1 528 074)	1 497 865	180 955	(5 233 703)
Selling, general and administrative costs		(35 050 056)	(11 317 976)	(1 413 423)	1 834 492	(45 946 963)	(39 850 180)	(15 489 001)	(1 117 158)	2 773 636	(53 682 703)
as % of revenue		(7,90%)	(11,67%)	(4,43%)		(8,03%)	(7,97%)	(12,53%)	(2,21%)		(7,96%)
Other operating income	30	3 727 583	841 292	456 276	33 186	5 058 337	7 301 785	1 374 938	840 172	(606 297)	8 910 598
Other operating expense	31	(9 606 344)	(973 131)	(73 272)	33 241	(10 619 506)	(10 391 091)	(2 565 058)	(96 076)	0	(13 052 225)
Profit before interest, tax, depreciation and amortisation (EBITDA)		52 143 806	13 044 250	3 993 998	(0)	69 182 054	58 563 215	17 307 684	6 908 505	0	82 779 404
as % of revenue		11,76%	13,45%	12,52%		12,09%	11,71%	14,00%	13,65%		12,27%
Depreciation	7,8	(45 389 840)	(6 570 726)	(51 564)		(52 012 130)	(48 074 362)	(7 861 742)	(113 461)	-	(56 049 566)
Profit before interest (EBIT)		6 753 966	6 473 524	3 942 434	(0)	17 169 924	10 488 852	9 445 942	6 795 044	0	26 729 838
Interest	32	(2 346 235)	(728 998)	(51 138)	-	(3 126 371)	(2 637 204)	(585 006)	(332 386)	-	(3 554 597)
Interest income	32	322 621	6 287	-	(95 008)	233 900	173 254	11 148	479	(87 028)	97 853
Interest paid	32	(3 702 587)	(842 979)	-	95 008	(4 450 559)	(4 246 235)	(576 977)	-	87 028	(4 736 183)
Other financials	32	1 033 731	107 694	(51 138)		1 090 288	1 435 776	(19 177)	(332 865)	-	1 083 734
Profit(loss) before income tax		4 407 731	5 744 526	3 891 296	(0)	14 043 553	7 851 648	8 860 935	6 462 658	0	23 175 241
Income tax	33	(2 325 615)	(1 368 748)	(1 175 263)		(4 869 626)	(1 716 810)	(1 513 479)	(1 554 101)	-	(4 784 390)
Profit after tax		2 082 116	4 375 778	2 716 033	(0)	9 173 927	6 134 838	7 347 457	4 908 557	0	18 390 852
DISCOUNTINUED OPERATION											
Profit/loss from discountinued operation (decreased with deferred tax)											
CURRENT YEAR PROFIT/LOSS		2 082 116	4 375 778	2 716 033	(0)	9 173 927	6 134 838	7 347 457	4 908 557	0	18 390 852
Attributable to:											
Equity holders of the parent company		833 490	2 686 079	2 716 033	(0)	6 235 602	8 286 951	5 046 379	4 908 557	0	18 241 888
Non-controlling interest		1 248 626	1 689 699			2 938 325	(2 152 114)	2 301 077	-		148 964
		2 082 116	4 375 778	2 716 033	(0)	9 173 927	6 134 838	7 347 457	4 908 557	0	18 390 852
OTHER COMPREHENSIVE INCOME											
Items to be reclassified subsequently to profit or loss											
Fair-value of cash-flow hedge transaction (fuel and FX) - less deferred tax		1 795 726				1 795 726	(672 684)				(672 684)
Translation difference from foreign entities			41 683	(641 047)		(599 364)	(666 068)	47 676	(364 925)		(983 317)
OTHER COMPREHENSIVE INCOME		1 795 726	41 683	(641 047)	-	1 196 362	(1 338 752)	47 676	(364 925)	-	(1 656 001)
TOTAL COMPREHENSIVE INCOME		3 877 842	4 417 461	2 074 986	(0)	10 370 289	4 796 086	7 395 133	4 543 632	0	16 734 851
Attributable to:											
Equity holders of the parent		2 629 216	2 727 762	2 074 986	(0)	7 431 964	6 948 199	5 094 055	4 543 632	0	16 585 887
Non-controlling interest		1 248 626	1 689 699	-	-	2 938 325	(2 152 114)	2 301 077	-	-	148 964
Earnings per share											
Number of shares						14 469 149					16 023 885
Basic and diluted EPS (EUR/share)						0,43					1,14

CONSOLIDATED STATEMENT OF CASH FLOWS

data in EUR

Description	Note	2016	2017
PROFIT/LOSS BEFORE TAX		14 043 553	23 175 241
Non-realised exchange loss/gain on leases (-)	32	(14 710)	-
Non-realised exchange loss/gain on other FX assets and liabilities (-)	32	(694)	(1 149 376)
Booked depreciation and amortisation	8	52 012 130	56 049 566
Impairment	12,13,14	507 239	(5 109)
Interest expense	32	4 311 568	4 736 183
Interest income	32	(94 945)	(97 853)
Difference between provisions allocated and used	19	706 848	5 370 959
Changes of Insurance technical reserves		2 288 375	5 422 601
Result from sale of tangible assets		(6 166)	(25 305)
Result from sale of non-current assets held for sale		(4 031 643)	(3 952 679)
NET CASH FLOWS FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL		69 721 555	89 524 230
Changes in inventories	12	(665 026)	(473 973)
Changes in trade receivables	13	(806 734)	(6 401 265)
Changes in other current assets and derivative financial instruments	14	(7 453 261)	(5 369 531)
Changes in trade payables		15 012 872	16 042 898
Changes in other current liabilities and derivative financial instruments	22	3 722 499	1 363 476
Changes in Insurance technical liabilites		(1 645 817)	(3 098 312)
Income tax paid	33	(6 720 589)	(7 112 961)
I. Net cash flows from operations		71 165 499	84 474 562
Tangible asset additions	7,8	(4 867 393)	(11 864 305)
Income from sale of tangible assets	8	1 089 376	689 352
Income from sale of non-current assets held for sale	15	33 265 547	30 497 994
Changes in other non-current financial assets	10	(118 555)	800 575
Changes in financial investments (equity and debt instruments)		(2 885 850)	931 729
Cash and cash equivalents acquired	16	1 251 583	399 290
Interest income	32	94 945	97 853
Borrowing repayment from related company		820 000	-
Borrowing from related company		(820 000)	-
II. Net cash flows from investing activities		27 829 653	21 552 488
Borrowings	34	-	(7 691 941)
Repayment of loans, borrowings	35	(7 552 115)	-
Lease payment	35	(40 473 715)	(58 898 134)
Lease payment related to sold assets		(24 948 811)	(21 260 048)
Interest paid	32	(4 311 568)	(4 736 183)
Dividend paid		(483 161)	(635 779)
Capital increase		-	46 850 305
Acqisition of related company		-	(32 323 386)
III. Net cash flows from financing activities		(77 769 370)	(78 695 165)
IV. Changes in cash and cash equivalents		21 225 782	27 331 885
Cash and cash equivalents as at the beginning of the year	35	10 439 523	31 665 305
Cash and cash equivalents as at the end of the year	35	31 665 305	58 997 190

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

data in EUR

	Note	Share capital	Reserves and retained earnings	Translation difference	Total equity attributable to the equity holders of the parent company	Non-controlling interest	Total shareholders' equity
Opening value as at January 1, 2015		5 128 910	85 590 301	(228 713)	90 490 498	4 303 430	94 793 928
Fair-value of cash-flow hedged transaction (FX) - less deferred tax	22, 30	0	(1 383 057)	0	(1 383 057)	0	(1 383 057)
Exchange difference on foreign operations		0	0	131 554	131 554	0	131 554
Other comprehensive income		0	(1 383 057)	131 554	(1 251 503)	0	(1 251 503)
Profit/loss for the year		0	11 267 883	0	11 267 883	1 152 006	12 419 889
Total comprehensive income		0	9 884 826	131 554	10 016 380	1 152 006	11 168 386
Increase due to business combination		0	0	0	0	240 079	240 079
Correction of errors from previous years		0	773 349	0	773 349	0	773 349
Dividend paid to non-controlling interest		0	0	0	0	(959 602)	(959 602)
Other movements		0	50 134	-39 981	10 153	(6 786)	3 367
Closing value as at December 31, 2015		5 128 910	96 298 610	(137 140)	101 290 380	4 729 127	106 019 507
Opening value as at January 1, 2016		5 128 910	96 298 610	(137 140)	101 290 380	4 729 127	106 019 507
Fair-value of cash-flow hedged transaction (FX) - less deferred tax	22, 30	0	1 795 726	0	1 795 726	0	1 795 726
Exchange difference on foreign operations		0	0	(599 365)	(599 365)	0	(599 365)
Other comprehensive income		0	1 795 726	(599 365)	1 196 361	0	1 196 361
Profit/loss for the year		0	6 235 602	0	6 235 602	2 938 325	9 173 927
Total comprehensive income		0	8 031 328	(599 365)	7 431 963	2 938 325	10 370 288
Dividend paid to non-controlling interest		0	0	0	0	(483 161)	(483 161)
Translation difference			(445 949)	0	(445 949)		(445 949)
Acquisition of treasury shares		(91 397)	(1 130 479)		(1 221 876)		(1 221 876)
Changes in non-controlling interest			(669 890)		(669 890)	669 890	0
Other movements		0	7 564	0	7 564	1 784	9 348

	Note	Share capital	Reserves and retained earnings	Translation difference	Total equity attributable to the equity holders of the parent company	Non-controlling interest	Total shareholders' equity
Closing value as at December 31, 2016		5 037 513	102 091 184	(736 505)	106 392 192	7 855 965	114 248 157
Opening value as at January 1, 2017		5 037 513	102 091 184	(736 505)	106 392 192	7 855 965	114 248 157
Fair-value of cash-flow-hedged transaction (FX) - less deferred tax	22, 30	0	(672 684)	0	(672 684)	0	(672 684)
Exchange difference on foreign operations		0	0	(983 317)	(983 317)	0	(983 317)
Other comprehensive income		0	(672 684)	(983 317)	(1 656 001)	0	(1 656 001)
Profit/loss for the year		0	18 241 888	0	18 241 888	148 964	18 390 851
Total comprehensive income		0	17 569 204	(983 317)	16 585 887	148 964	16 734 850
Capital increase with new shares issued		1 063 897	49 155 083	0	50 218 980	0	50 218 980
Direct cost related to capital increase		0	(3 355 071)	0	(3 355 071)	0	(3 355 071)
Transfer of treasury shares to ESOP organisation		77 796	0	0	77 796	0	77 796
Change in equity as a result of acquisitions		0	(1 931 998)	0	(1 931 998)	0	(1 931 998)
Dividend paid to non-controlling interest		0	0	0	0	(635 779)	(635 779)
Diversion of dividend paid to minorities		0	(877 497)	0	(877 497)	877 497	0
Changes in non-controlling interest		0	(26 998)	0	(26 998)	26 998	0
Other movements		0	124 885	0	124 885	(4 225)	120 661
Closing value as at December 31, 2017		6 179 206	162 748 792	(1 719 822)	167 208 176	8 269 420	175 477 596

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Waberer's International Nyrt. (hereafter: "Company") is an enterprise based in Hungary. Registered office: 1239 Budapest Nagykőrösi út 351. The consolidated financial statements as at and for the year ended December 31, 2017 comprise the Company and its subsidiaries (hereinafter collectively referred to as: the "Group", and separately as "Group entities") as well as the Group's interests in associates and jointly controlled entities. The Group's core activity is transportation, forwarding and logistics services.

2. BASIS OF PREPARATION

(a) Statement of compliance

The Group's consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The IFRS comprise accounting standards issued by the IASB and its predecessor, as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor.

The consolidated financial statements were approved by the Board of Directors on March 19, 2018.

(b) Basis of measurement

Except for certain financial instruments, which were measured at fair value, the consolidated primary financial statements were prepared on a historic cost basis.

The methods used for fair value measurement are detailed in Note 36.

(c) Functional and presentation currency

On December 31, 2012, management decided to change the Group's presentation currency. The Group's sales revenues are generated and its costs incur predominantly in EUR and changes in the local Hungarian economy have very little effect on EUR rates. 95% of the Group's business is done within the European Union. The Group is financed in EUR and, owing to the special and EU-wide nature of the Group's business, the CDS rates for Hungary are barely considered by the Group's funders and creditors when establishing their interest premiums. Accordingly, the consolidated financial statements are prepared in EUR which has been the Group's presentation currency since January 1, 2013.

The change in the presentation currency according to IAS 8 qualifies as a change in the accounting policy. Therefore items shown in the notes for prior periods are presented as if the currently used currency has always been in place.

The functional currencies of the Group entities are summarised in the table below, where the functional currency is not EUR:

Company	Dec. 31, 2016	Dec. 31, 2017
Waberer's - Szemerey Logisztika Kft.	HUF	HUF
Waberer's Románia SA	RON	RON
Waberer's Polska	PLN	PLN
Waberer's UK Limited	GBP	GBP
Wáberer Hungária Biztosító Zrt.	HUF	HUF
Közdűlő Invest Kft.	HUF	HUF
Link Sp. z o.o.	–	PLN
Link Services Sp. z o.o.	–	PLN

(d) Use of estimates and judgments

The preparation of financial statements in accordance with the following accounting policies requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the notes below:

- measurement of recoverable amount of cash-generating unit containing goodwill (see Note 7. a)
- provisions and contingent items (see Notes 20 and 36)
- measurement of financial instruments (Note 35. d)
- classification of leases (Note 3. g)
- recording of gain on fleet sales (Note 3. h).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries were amended if this was necessary to ensure consistency with the policies applied by the Group.

(ii) Associates and jointly-controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and where unanimous consent is required for strategic financial and operating decisions.

Associates and jointly-controlled entities are accounted for using the equity method (equity accounted investees), and are initially recognised at cost. The Group's investments include goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Gains and losses arising on remeasurement are included in the consolidated profit or loss for the period, with the exception of gains and losses on the remeasurement of available-for-sale equity instruments.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to EUR at exchange rates at the reporting date. The income and expenses of foreign operations are translated to EUR at exchange rates at the dates of the transactions.

Foreign currency differences are recognised directly in equity, in the foreign currency translation reserve (translation reserve). When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payables to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the foreign currency translation reserve.

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, at fair value adjusted for any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition they are measured at fair value, and changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of the given asset. Other borrowing costs are expensed when incurred.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised through profit and loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value at year-end; the effective part of the fair value is recognised directly in other comprehensive income while the ineffective part is recognised through profit or loss.

In the case of hedging transactions closed in the reporting period and in accordance with the Group's accounting policies, any realised profit or loss is recognised in the same way as for the hedged item, i.e. under direct costs: raising the incomes in the case of a gain and lowering the income in the case of a loss.

(iv) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)
When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity net of any tax effects. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or subsequently reissued, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

(d) Property, plant and equipment

(i) Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost values of individual assets in the categories of property, plant and equipment were determined on January 1, 2007, when the Group adopted IFRS reporting, based on their fair values as of January 1, 2006.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the assets and restoring the site on which they are located. Borrowing costs related to the acquisition, construction or production of qualifying assets are capitalised to the cost of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
Gains and losses on the disposal of an item of property, plant and equipment are determined by comparing the proceeds from the disposal with the carrying amount of the item and are recognised net in profit or loss among other income.

(ii) Subsequent costs
The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying value of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment and based on the amount of the depreciable asset value. The depreciable amount of an asset is its cost less any residual value. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative period are as follows:
- buildings – 30 years
- plant and equipment – 7 years
- vehicles – 4-5 years
- other fixtures and fittings – 7 years

The average useful life of the Group's leased trucks is four years during which their acquisition cost is written off on a straight line basis to a 48% residual value, in case of trailers, the useful life is five years. If the lease term is prolonged for two more years, the residual value changes accordingly so that straight line depreciation applies for two more years to the new residual value.
Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(e) Intangible assets

(i) Goodwill
Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates and jointly-controlled entities.

Cost of goodwill
On January 1, 2007, the Group decided to apply IFRS 3 Business Combinations retrospectively for business combinations occurring on or after January 1, 2006. The carrying value on January 1, 2006, of the goodwill from business combinations pre-dating January 1, 2006 is the carrying value as at January 1, 2006 determined on the basis of Hungarian accounting standards. For subsequent business combinations the Group determines the goodwill as the difference between the consideration paid and the fair value of net assets acquired.

Acquisition of non-controlling interests
Acquisitions of non-controlling interests in subsidiaries are treated as transactions between equity holders and as such the results are recorded at fair value directly in equity upon the acquisition.

Subsequent measurement
Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

(ii) Other intangible assets
Other intangible assets acquired by the Group which have definite useful lives are recognised at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

(iv) Amortisation
Amortisation is recognised in profit or loss on a straight-line basis, except for goodwill, over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative period are as follows:
- software – 10 years
- rights and concessions – 6 years

(f) Investment property
Investment property is held to earn rentals or for capital appreciation or both, and is therefore not held for sale in the ordinary course of business, or for use for the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost less accumulated depreciation. The Group does not own any investment properties.

(g) Leased assets
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When lease transactions are classified the risk derived from the change in the residual value of the leased assets is taken into account.

Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised on the Group's statement of financial position.

(h) Gain on fleet sales
The net result of the sale of the fixed assets held for sale (mainly vehicles purchased from the financial lease contract) is recognised in other income or other expenses.

(i) Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of spare part inventories is determined at average price and the cost of tank inventories is based on the FIFO principle, and includes expenditure incurred in acquiring the inventories, their production or transformation costs, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(j) Impairment loss

(i) Financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses for available-for-sale financial assets are calculated at fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. If impairment must be recognised, any cumulative loss that had been recognised directly in equity in relation to available-for-sale financial assets is recognised in the statement of comprehensive income.
An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets
The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The Group examines on an annual basis whether there are any indications of impairment, and reviews whether the recording of impairment may be justified for goodwill. Accordingly, the recoverable amount of the cash-generating unit to which the goodwill is related must be estimated. To determine the recoverable amount the Group assesses the future cash flows of the cash-generating unit, and selects an appropriate discount rate to calculate the present value of the cash flows.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Non-current assets held for sale
Non-current assets (or disposal groups comprising assets and liabilities) whose carrying amount will be recovered principally through a sale transaction rather than through continuing use are considered to be non-current assets classified as held for sale. Immediately prior to the classification as held for sale the assets (or components of the disposal group) are re-measured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal group) are measured at the lower of the carrying value and the fair value less cost to sell.

Impairment losses related to a disposal group are allocated initially to goodwill and then proportionally to the other assets, apart from inventories, financial assets, deferred tax assets, employee-benefit related assets and investment properties, to which losses are not allocated, and which are still measured in accordance with the Group's accounting policies. Impairment losses related to the initial classification as held for sale and any subsequent gains or losses following re-measurement are recognised in profit or loss. Gains are recognised up to the amount of any cumulative impairment loss.

When classifying the assets back the Group compares the carrying value less impairment of the assets held for sale with the value that would have prevailed if the assets had been depreciated when carried as held for sale, before proceeding to use the lower figure, if this was not higher than the recoverable amount of the asset.

(l) Employee benefits

(i) Defined contribution plans
Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate entity but has no legal or constructive obligation to pay further contributions. Payments to defined contribution pension-benefit plans are recognised in profit and loss as employee benefit related expenses when incurred.

(ii) Termination benefits
Termination benefits are recognised as expense when the Group is demonstrably committed to a detailed formal plan to terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy, without a realistic possibility of withdrawal. Termination benefits for voluntary redundancies are recognised as expenses if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

(iii) Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(m) Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(n) Revenues
Net sales revenues include amounts billed to customers for products or services delivered during the financial year. Net sales revenues are recognised when the amount of revenues becomes evident or when it is probable that the Group will be able to realise the billed amount. Sales revenues include the billed amounts less VAT and any applicable discounts.

(i) Services
Revenues from services rendered are recognised in profit and loss in accordance with the percentage of completion of the transaction on the reporting date. The percentage of completion is determined by assessing the work performed.

(ii) Rental revenue
Revenue from renting investment property is recognised evenly in profit and loss over the term of the rental. Rental incentives provided are recognised as an integral part of the total rental revenue over the term of the rental. The Group did not realise such revenue.

(o) Lease payments
Lease payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.
Minimum lease payments made under finance leases are apportioned between finance expense and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(p) Finance income and expense
Finance income comprises the following: interest income on investments (including available-for-sale financial assets), dividend income, gains from the sale of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date. Finance expenses comprise the following: interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets.

Exchange gains and losses are recognised net.

(q) Income tax
Income tax expense comprises current and deferred income taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Hungarian municipal business tax payable is also presented as an income tax.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. In addition, deferred tax may not be recognised for temporary taxable differences related to the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and deferred tax liabilities should be offset on the statement of financial position only if the entity has the legal right to offset current tax assets with current tax liabilities, and they are related to income taxes levied by the same taxing authority on the same taxable entity, or on different entities that intend to realise their current tax assets and settle their current tax liabilities either on a net basis or at the same time.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Insurance receivables
Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement. Insurance receivables are derecognised when the derecognition criteria for financial assets have been met.

(t) Insurance contract liabilities
Non-life-insurance contract liabilities include the outstanding claims provision, the provision for unearned premiums and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

(u) Insurance revenue

Gross premiums
Gross recurring premiums on life and investment contracts with DPF are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective. Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written. Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

(v) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits.

(w) IFRS and IFRIC interpretations adopted in current year
The Group has adopted the following new or amended IFRS and IFRIC interpretations during the year. Apart from the description below, the new amendments did not have significant impact on the Group's financial statement, however, it resulted in additional disclosure requirements.

IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)
The objective of the Amendments is to clarify the requirements of deferred tax assets for unrealised losses in order to address diversity in practice in the application of IAS 12 Income Taxes. The specific issues where diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combined versus separate assessment. The Amendments were not applicable for the Group.

IAS 7: Disclosure Initiative (Amendments)
The objective of the Amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Amendments specify that one way to fulfil the disclosure requirement is by providing a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. The Amendments were not applicable to the Group.

The IASB has issued the Annual Improvements to IFRS Standards – 2014–2016 Cycle, which is a collection of amendments to IFRSs. This improvement did not have an effect on the Group's financial statements.

- **IFRS 12: Disclosure of Interests in Other Entities** The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarised financial information for subsidiaries, joint ventures and associates, apply to an entity's interest in a subsidiary, a joint venture or an associate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

(x) Standards issued but not yet effective
At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective.

Based on preliminary assessment the group believes that the adoption of the following standards will not have significant impact on its consolidated results and financial position:

IFRS 9: Financial Instruments: Classification and Measurement
The standard is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The Group has assessed the effects of the standard and considers that the classification and measurement of such instruments has been prepared in accordance with IAS 39.

IFRS 15: Revenue from Contracts with Customers
The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contractual asset and liability account balances between periods and key judgments and estimates. The Group has assessed the requirements of the standard and decided not to early adopt it.

IFRS 15: Revenue from Contracts with Customers (Clarifications)
The Clarifications apply for annual periods beginning on or after January 1, 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 Revenue from Contracts with Customers, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. The Group has assessed the requirements of the standard and decided not to early adopt it.

IFRS 16: Leases
The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognise most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The Group has assessed the requirements of the standard and decided not to early adopt it.

IFRS 17: Insurance Contracts
The standard is effective for annual periods beginning on or after January 1, 2021, with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. The standard has not been yet endorsed by the EU. The Group has assessed the requirements of the standard and decided not to early adopt it.

Amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address an acknowledged inconsistency between the requirements of IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The Group has assessed the requirements of the standard and evaluated that it will not have any impact on the Group.

IFRS 2: Classification and Measurement of Share-based Payment Transactions (Amendments)
The Amendments are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These Amendments have not yet been endorsed by the EU. The Group has assessed the requirements of the standard and evaluated that it will not have any impact on the Group.

IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)
The Amendments are effective for annual periods beginning on or after January 1, 2018. The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that the Board is developing to replace IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach, which would permit entities that issue contracts within the scope of IFRS 4 to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets. The Group has assessed the requirements of the standard and decided not to early adopt it.

IAS 40: Transfers to Investment Property (Amendments)
The Amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These Amendments have not yet been endorsed by the EU. The Group has assessed the requirements of the standard and evaluated that it will not have any impact on the Group.

IFRS 9: Prepayment features with negative compensation (Amendment)
The Amendment is effective for annual reporting periods beginning on or after January 1, 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. These Amendments have not yet been endorsed by the EU. The Group has assessed the requirements of the standard and evaluated that it will not have any impact on the Group.

IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)
The Amendments are effective for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment require-

ments, of long-term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28. These Amendments have not yet been endorsed by the EU. The Group has assessed the requirements of the standard and decided not to early adopt it.

IFRIC interpetation 22: Foreign Currency Transactions and Advance Consideration
The Interpretation is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation has not yet been endorsed by the EU. The Group has assessed the requirements of the standard and evaluated that it will not have any impact on the Group.

The IASB has issued the Annual Improvements to IFRS Standards – 2014-2016 Cycle, which is a collection of amendments to IFRS standards. The amendments are effective for annual periods beginning on or after January 1, 2018, for IFRS 1 First-time Adoption of International Financial Reporting Standards and for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Associates and Joint Ventures. These annual improvements have not yet been endorsed by the EU. The Group has assessed the requirements of the standard and evaluated that it will not have any impact on the Group.

- **IFRS 1 First-time Adoption of International Financial Reporting Standards:** This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, which are applicable for first time adopters.
- **IAS 28 Investments in Associates and Joint Ventures:** The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

IFRIC interpetation 23: Uncertainty over Income Tax Treatments
The Interpretation is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty, and accounting for changes in facts and circumstances. This Interpretation has not yet been endorsed by the EU. The Group has assessed the requirements of the standard and evaluated that it will not have any impact on the Group.

The IASB has issued the Annual Improvements to IFRS Standards – 2015-2017 Cycle, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. These annual improvements have not yet been endorsed by the EU. The Group has assessed the requirements of the standard and evaluated that it will not have any impact on the Group.

- **IFRS 3 Business Combinations and IFRS 11 Joint Arrangements:** The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- **IAS 12 Income Taxes:** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits has been recognised.
- **IAS 23 Borrowing Costs:** The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

4. EARNINGS PER SHARE

The issued share capital of Waberer's International Nyrt. comprises 17,693,734 registered dematerialised ordinary shares of a nominal value of EUR 0.35 each.

The issued share capital of Waberer's International Nyrt. was EUR 5,128,910 at December 31, 2016. On July 6, 2017, upon the first floatation of the Group's shares, new shares were issued and the Group's issued capital increased to EUR 6,192,807. EPS is calculated based on the net profit for the year and the weighted average number of ordinary shares.

As there is no diluting effect on earnings, diluted earnings per share was the same as normal EPS in both 2016 and 2017.

Earnings per share	2016	2017
Net profit after tax EUR	6,235,602	18,241,888
Weighted average of ordinary shares	14,469,149	16,023,885
Earnings per share EUR	0.43	1.14
Diluted earnings per share EUR	0.43	1.14

5. SEGMENT INFORMATION

IFRS 8 Operating Segments requires listed entities to disclose appropriate information to the investors for the sake of transparency. The Group has created an international, domestic and an other segment based on its business lines. The operations of the Group are governed by Group management along these three segments:

International transportation: International FTL transportation and forwarding, and international collective transportation

Regional contractual logistics: Domestic FTL and LTL transportation, warehousing and vehicle repairs to third parties

Other: Insurance services

Details of the Group's business segments are presented below.

Revenues and key OCI items:

2016

Item	International transport	Regional contract logistics	Other	Inter-segment offsetting	Total
Own-fleet transport revenues	354,820,645	39,724,144	–	(140,135)	394,404,754
Subcontracting revenues	79,796,027	29,318,710	–	(1,036,314)	108,078,423
Other revenues	16,784,764	28,927,323	31,911,271	(7,754,723)	69,868,635
Inter-segment offsetting (–)	(7,979,410)	(951,662)	–	8,931,072	–
Net revenues	443,422,026	97,018,515	31,911,271	–	572,351,812
EBITDA	52,143,806	13,044,250	3,993,998	–	69,182,054
Depreciation	(45,389,840)	(6,570,726)	(51,564)	–	(52,012,130)
EBIT	6,753,966	6,473,524	3,942,434	–	17,169,924

2017

Item	International transport	Regional contract logistics	Other	Inter-segment offsetting	Total
Own-fleet transport revenues	391,401,548	54,235,668	–	(71 000)	445 566 216
Subcontracting revenues	98,080,908	34,670,716	–	(740,762)	132 010 862
Other revenues	22,145,076	35,630,926	50,621,242	(11,592,820)	96,804,423
Inter-segment offsetting (–)	(11,463,535)	(941,048)	–	12,404,583	–
Net revenues	500,163,997	123,596,262	50,621,242	0	674,381,501
EBITDA	58,563,215	17,307,684	6,908,505	–	82,779,404
Depreciation	(48,074,362)	(7,861,742)	(113,461)	–	(56,049,566)
EBIT	10,488,852	9,445,942	6,795,044	–	26 729 838

Actual income taxes:

Item	2016			2017		
	International transport	Regional contract logistics	Other	International transport	Regional contract logistics	Other
Actual income taxes	(2,325,615)	(1,368,748)	(1,175,263)	(1,716,810)	(1,513,479)	(1,554,101)
– Income taxes paid	(3,881,906)	(1,150,055)	(830,238)	(4,216,814)	(1,357,709)	(1,554,101)
– Deferred tax	1,556,292	(218,694)	(345,025)	2,500,004	(155,770)	–

Non-current assets:

Item	Dec. 31, 2016			Dec. 31, 2017		
	International transport	Regional contract logistics	Other	International transport	Regional contract logistics	Other
Properties	13,983,371	5,954,382	–	13,357,567	8,063,315	–
AICC	757,129	1,054,154	–	250,466	843,078	–
Vehicles	203,932,793	30,667,833	–	257,394,217	36,990,132	–
Other equipment	2,560,074	2,366,604	394,437	5,218,686	1,413,809	377,118
Intangibles	3,361,508	415,281	289,191	7,720,781	968,390	304,644
Goodwill	15,925,167	2,576,921	–	50,802,291	2,576,921	–
Other long-term financial assets	930,765	257	–	114,268	3,644	12,535
Deferred tax assets	203,714	2,054	196,171	2,188,642	768	–
Other Financial investments - Debt instruments - Long term	–	–	26,306,728	–	–	37,705,654
Other Financial investments - Equity instruments - Long term	–	–	17,994,385	–	–	5,663,729
Reinsurance amount of technical reserves	–	–	14,584,004	–	–	20,571,689

Events with no material cash movement:

Item	2016			2017		
	International transport	Regional contract logistics	Other	International transport	Regional contract logistics	Other
Unrealised FX gain or loss on FX assets and liabilities	39,082	(72,026)	–	(1,498,522)	4,796	344,351
Impairment loss	135,694	62,483	–	(193 963)	81,666	–
Difference between provisions made/used	(1,766,527)	(431,665)	–	4,073,905	356,833	–

6. CORRECTION OF PRIOR YEAR ERRORS

At the start of the year the Group implemented a new suite of accounting systems for all its reporting needs. As part of the migration process, errors in the opening amortisation of properties and intangible assets recorded during the IFRS adoption process in 2007 were identified and adjusted by the Group.

In Q2 2017, the Group revised its deferred tax calculation process and identified a permanent difference between its tax and IFRS balance sheets originating from the company's adoption of IFRS in 2007. Deferred tax liabilities related to goodwill were incorrectly recognised at that time. The Group has identified this error and adjusted it this year in both reserves and deferred taxes.

The above adjustments had no impact on the consolidated statement of comprehensive income or on EPS, only on equity as per below:

Impact on equity

	Jan. 1, 2016	Dec. 31, 2016	Dec. 31, 2017
Properties	(1,237,220)	(1,237,220)	(1,237,220)
Intangible assets	745,320	745,320	745,320
Assets, net impact	(491,900)	(491,900)	(491,900)
Deferred tax liability	(1,265,248)	(1,265,248)	(1,265,248)
Liabilities, net impact	(1,265,248)	(1,265,248)	(1,265,248)
Equity, net impact	773,348	773,348	773,348

7. INTANGIBLE ASSETS

Opening at January 1, 2016	Intangible assets	Goodwill	Total
Gross value	15,631,731	18,502,088	34,133,819
Cumulative amortisation and impairment	13,742,379	–	13,733,379
Net value	1,889,352	18,502,088	20,400,440
Changes in 2016			
Additions and capitalisations	3,105,608	–	3,105,608
FX changes shown in foreign currencies	2,789	–	2,789
Additions from acquisitions	196,595	–	196,595
Amortisation	(1,137,364)	–	(1,137,364)
Disposals	–	–	–
Net closing value	4,065,980	18,502,088	22,568,068
Closing at December 31, 2016			
Gross value	18,778,339	18,502,088	37,289,427
Cumulative amortisation and impairment	14,721,359	–	14,721,359
Net value	4,065,980	18,502,088	22,568,068
Changes in 2017			
Additions and capitalisations	5,833,804	–	5,833,804
FX changes shown in foreign currencies	2,308	–	2,308
Additions from acquisitions	973,594	34,877,124	35,850,718
Amortisation	(1,872,871)	–	(1,872,871)
Disposals	–	–	–
Net closing value	8,993,815	53,379,212	62,373,027
Closing at December 31, 2017			
Gross value	23,604,112	53,379,212	76,983,324
Cumulative amortisation and impairment	14,610,297	–	14,610,297
Net value	8,993,815	53,379,212	63,373,027

(a) Goodwill

Goodwill generated by means of business combinations is allocated at the time of the acquisition to cash-generating units that are likely to benefit from the impacts of the business combination. Most of the carrying value of goodwill is allocated to the international transportation and forwarding cash-generating unit in its entirety and totalled EUR 15,925,167 at the end of 2014. On April 26, 2013, Waberer's Logisztika Kft. acquired 60%, and therefore controlling influence, in Szemerey Transport Zrt. in a share swap transaction. In line with the Group's accounting policies goodwill of EUR 2,576,921 is presented in the consolidated balance sheet. In 2016, the goodwill on Szemerey Transport was adjusted.

After the acquisition of Wáberer Hungária Biztosító Zrt. and its subsidiary Közdűlő Invest Kft. in April 2016, the Group evaluated the business combination in accordance with IFRS and the assessment concludes that goodwill is not identified.

In July 6, 2017, Waberer's International Nyrt. acquired Link Sp. z o.o., a Polish international transportation and forwarding company and Link Services Sp. z o.o., a Polish workforce letting agency. The acquisition was funded from share floatation by Waberer's International Nyrt. The Group identified goodwill of EUR 34,877,124. No goodwill has been identified for Link Service Sp. z o.o.

ASSETS

Properties	259,569
AICC	5,572
Vehicles	38,597,505
Other equipment	478,676
Intangible assets	26,752
Deferred tax asset	596,787
Receivables from related parties	55,540
Trade receivables	35,257,385
Other current assets and derivatives	529,191
Cash and cash equivalents	399,290
	76,206,266

LIABILITIES

Leases payable	39,924,617
Short-term loans	4,278,936
Trade payables	16,466,878
Other current liabilities and derivatives	17,450,514
	78,120,945
Total identifiable net assets at fair value	(1,914,679)
Goodwill	34,877,124
Purchase price	32,962,445

Initially, the Group identified that the fair values of the assets at the date of acquisition exceeded the purchase price. However the Group reassessed the fair values of Link Sp.z o.o. and Link Service Sp. z o.o. Based on IFRS 3.36 the acquirer shall, at the acquisition date, allocate the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria.

The basis of the recoverable amount calculation is a three-year plans approved by management, on which basis the cash flows are projected for the purpose of determining the value in use.

After the merger of Szemerey Transport Zrt. and Waberer's Logisztika Kft. the separation of the two units for the goodwill impairment test is based on the arithmetic middle point of revenue and asset value. The value of the goodwill is based on multiplication of future cash-flow and the previously determined arithmetic middle point.
The goodwill of Link Sp. z o.o., as it is a separate legal entity, is derived from its future cash flows plans.
The method for the determination of the value of Hungarocamion goodwill is similar to the method employed at Szemerey.

The impairment tests performed by the management are based on the following assessments:
1. Recoverable amount is calculated with the assumption of using the assets long-term in the future.
2. Discount rates: the value-in-use calculations take into account the time value of money, the risks specific to the asset and the rate of return that would be expected by market for an investment with similar risk, cash flow and timing profile. The Group uses the following discount rate: 2.5%.
3. The management expects increasing revenue. For goodwill associated with Szemerey and Hungarocamion the expected growth rate is 7%, in the case of Link Sp. z o.o. the expected growth rate is 8%.

The plan for the years 2017 to 2020 was prepared in EUR. Where necessary, items incurring in HUF were translated to EUR at a 310 HUF/EUR rate. The basis year is 2017 which was only forecast at the time of planning. Compared to 2016, fleet size increased by 3.5% in 2017 and will increase by an average of 100 trucks per year. The goal is to have a fleet of 3,430 trucks in the international segment and 730 trucks in the domestic segment by the end of 2020. Fuel prices are planned to be 5.8% higher in 2017 than in the ensuing years when it is budgeted to remain unchanged. Transit costs are planned to increase by 2.7% in the first year, after which no significant change is forecast. Driver costs are planned to increase by an average of 5% each year, but maintenance costs are forecast to decline after 2016 by an annual average of 2.6% as the fleet is planned to be rapidly modernised to an average age below two years. Insurance costs are planned to decrease as mandatory liability insurance rates fall due to an improved accidental damage rate. All other costs are planned to increase between 0.5% and 1.5%. Payroll costs are planned to increase by 10% in the first year then by 3% in every ensuing year.

The plans predict a considerable increase in the number of kilometres driven (120 km/truck per month each year), and cargo capacity levels are also expected to increase by 0.05% over the year.
The plans were based on the existing company structure without the acquisition of the Link entities.

The plans were compiled in a KPI-driven model in which the three main factors – influencing cash flows – were the fuel price, the number of kilometres driven and the fee level.

Changes in main factors at EBIT level:
- an increase in fuel prices by 1 euro cent would cause a cash decrease of EUR 1.4 million.
- an increase in the number of kilometres driven by 1 million kilometres would raise the cash generating ability by EUR 0.22 million
- one euro cent increase in fees would improve the cash generating ability by EUR 4.7 million

The main changes expected at Group level in comparison to 2016 and used for 2017 planning:
- 3.5% growth in fleet
- 2.3% increase in the number of kilometres driven
- 1.1% increase in fees
- 5.8% increase in fuel prices (in EUR)
- 1.4% reduction in driving cost
- 0.2% increase in truck load

(b) Intangible assets with indefinite useful lives
Other than goodwill, the Group has no assets with indefinite useful lives recorded under intangible assets.

8. TANGIBLE ASSETS

	Properties	Fixed assets not yet capitalised	Vehicles	Other equipment	Total
Opening at January 1, 2016					
Gross value	27,855,352	4,940,740	352,889,141	19,008,618	404,693,851
Cumulative depreciation and impairment loss	11,096,681	–	117,264,071	13,299,781	141,660,533
Net value	16,758,671	4,940,740	235,625,070	5,708,836	263,033,317

	Properties	Fixed assets not yet capitalised	Vehicles	Other equipment	Total
Changes in 2016					
Additions and capitalisations	1,955,419	74,714,394	72,976,699	2,911,733	152,558,246
FX effect on assets carried in FX	25,501	–	171,565,	15,992	213,058
Acquisition	3,076,656	–	–	229,832	3,306,488
Depreciation, impairment	(1,179,197)	–	(47,830,851)	(1,864,718)	(50,874,766)
Derecognition	(699,297)	–	–	(382,590)	(1,081,887)
Capitalisation	–	(77,843,851)	–	–	(77,843,851)
Reclassification to non-current assets held for sale	–	–	(27,639,827)	–	(27,639,827)
Closing net value	19,937,753	1,811,283	233,302,656	6,619,085	261,670,777
Closing at December 31, 2016					
Gross value	33,204,419	1,811,283	329,889,518	18,907,427	383,812,647
Cumulative depreciation and impairment loss	13,266,666	–	96,586,862	12,288,342	122,141,870
Net value	19,937,753	1,811,283	233,302,656	6,619,085	261,670,777

	Properties	Fixed assets not yet capitalised	Vehicles	Other equipment	Total
Changes in 2017					
Additions and capitalisations	3,190,380	95,807,331	94,711,261	893,420	194,602,392
FX effect on assets carried in FX	(44,365)	2,851	2,310,869,	33,698	2,303,052
Acquisition	162,333	2,240,146	39,922,317	658,975	42,983,771
Depreciation, impairment	(1,807,286)	–	(51,680,430)	(1,062,774)	(54,176,695)
Derecognition	(263,616)	–	–	(132,791)	(396,406)
Capitalisation	–	(98,768,067)	–	–	(98,768,067)
Reclassification to non-current assets held for sale	–	–	(24,182,324)	–	(24,182,324)
Closing net value	21,420,882	1,093,544	294,384,349	7,009,613	323,908,389
Closing at December 31, 2017					
Gross value	34,763,969	1,093,544	416,693,664	20,108,182	472,659,359
Cumulative depreciation and impairment loss	13,343,087	–	122,309,315	13,098,568	148,750,970
Net value	21,420,882	1,093,544	294,384,349	7,009,613	323,908,389

(a) Properties

The following table includes the Group's most significant properties as at December 31, 2017.

Property location	Country	Usage	Net value
Budapest, Nagykőrösi út 349-351	Hungary	Head office	7,451,216,
PILK (Pestszentlőrinc Logisztika Centrum)	Hungary	Logistics warehouse	2,963,514,
Balatonvilágos Hotel	Hungary	Hotel	2,474,254,
Miercurea Ciuc Hargita	Románia	Office and rented warehouse	1,591,271,
Mosonmagyaróvár	Hungary	Business site – workshop	1,260,748,
BILK – improvement on rented property	Hungary	Logistics warehouse/ head office	4,359,644,
Pécs	Hungary	Logistics warehouse	312,123,
Balatonszárszó	Hungary	Logistics warehouse	136,063,
Győr	Hungary	Logistics warehouse	298,831,
Miskolc	Hungary	Logistics warehouse	296,817,

(b) Movements in tangible assets

Properties increased by EUR 1.5 million in 2017. Most of this increase was due to the construction of a cooling warehouse and scaffolding built on a site rented from BILK for a total value of EUR 2.6 million. The rest of the increase was due to office building works of EUR 340,000 at the Group's site in Nagykőrösi út, Budapest, and capital projects carried out in previous years on properties rented by the acquired Link Sp. z o.o.

(c) Mortgaged assets

The Group's property in Romania has been mortgaged by the Romanian tax authority (ANAF) on the grounds of a tax audit launched in 2017 (decision 6/22.05.2017). Doing so is ANAF's mandatory routine for tax audits that cover a number of years. The mortgage will be cancelled once the tax audit is over.

(d) Leased assets

Tangible assets contain assets acquired by the Group as a result of financial leases. At December 31, 2016, the gross value of leased assets totalled EUR 312,728 thousand, with an accumulated depreciation of EUR 84,172 thousand and a book value of EUR 228,556 thousand. At December 31, 2017, the gross value of leased assets totalled EUR 406,797 thousand, with an accumulated depreciation of EUR 142,524 thousand and a book value of EUR 264,273 thousand.

As in 2016, the Group continued its vehicle acquisition practice also in 2017 and replaced four-year old vehicles with ones equipped with EURO 6 engines under a financial lease and an export enhancing development loan totalling EUR 96 million.

(e) Commitments as at the reporting date to purchase assets

The Group has general agreements for asset purchases for three years, which relate only to recommended quantities but do not imply any future obligations.

(f) Deemed cost of properties

The initial cost of the BILK property acquired during the acquisition of Közdűlő Invest Kft. in 2016 was determined during the calculation of the business combination in the acquisition process.

9. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

Company	Country	Scope of activities	Ownership ratio 2016	Ownership ratio 2017
Waberer's – Szemerey Logisztika Kft.	Hungary	Inland transportation and forwarding, logistics	60.00%	60.00%
Delta Rent Kft.	Hungary	Vehicle trade	100.00%	100.00%
Waberer's Romania SA	Romania	International transportation and forwarding	100.00%	100.00%
Waberer's Deutschland GmbH	Germany	International transportation	100.00%	100.00%
Waberer's Espana	Spain	International transportation	100.00%	100.00%
Waberer's Polska	Poland	International transportation	100.00%	100.00%
Waberer's Slovakia	Slovakia	Logistics	100.00%	100.00%
Waberer's France	France	Trading agent	100.00%	100.00%
Waberer's UK Limited	UK	Trading agent	100.00%	100.00%
Waberer's Benelux B.V.	Hollandia	Trading agent	100.00%	100.00%
Waberer's Italia SRL	Italy	Trading agent	100.00%	100.00%
Cseri Intertrans Kft.	Hungary	International transportation	51.00%	100.00%
Simon Intertrans Kft.	Hungary	International transportation	51.00%	70.00%
Molnár S Intertrans Kft.	Hungary	International transportation	51.00%	51.00%
Kovács Á Intertrans Kft.	Hungary	International transportation	51.00%	51.00%
Molnár N Intersped Kft.	Hungary	International transportation	51.00%	51.00%
Réthi Intertrans Kft.	Hungary	International transportation	51.00%	51.00%
Vágenhoffer Intertrans Kft.	Hungary	International transportation	51.00%	51.00%
VT Intertrans Kft.	Hungary	International transportation	100.00%	100.00%
Pálinkás Intertrans Kft.	Hungary	International transportation	51.00%	51.00%
Székely Intertrans Kft.	Hungary	International transportation	51.00%	51.00%
Szabó Intertrans Kft.	Hungary	International transportation	51.00%	100.00%
Kerekes Intertrans Kft.	Hungary	International transportation	100.00%	100.00%
Veres Intertrans Kft.	Hungary	International transportation	51.00%	51.00%
Zsemlye Intertrans Kft.	Hungary	International transportation	51.00%	51.00%
Bódi Intertrans Kft.	Hungary	International transportation	51.00%	51.00%
S Tóth Intertrans Kft.	Hungary	International transportation	51.00%	100.00%
Vándor Intertrans Kft.	Hungary	International transportation	100.00%	100.00%
Transpont Hungária Kft.	Hungary	International transportation	100.00%	100.00%
Kanczler Intertrans Kft.	Hungary	International transportation	100.00%	100.00%
TT Intertrans Kft.	Hungary	International transportation	100.00%	100.00%
Euro-Unió Trans Kft.	Hungary	International transportation	100.00%	100.00%
Rapid Teherautószerviz Kft.	Hungary	Vehicle repairs	51.00%	51.00%
Waberer's Network Kft.	Hungary	International groupage forwarding	99.00%	99.00%
Gervin Trans Kft.	Hungary	International transportation	51.00%	51.00%

Company	Country	Scope of activities	Ownership ratio 2016	Ownership ratio 2017
MIS Transport Kft.	Hungary	International transportation	51.00%	100.00%
Crossroad Transport Kft.	Hungary	International transportation	51.00%	51.00%
Cosmos-Transport Kft.	Hungary	International transportation	51.00%	51.00%
Lean Logistic Kft.	Hungary	International transportation	51.00%	100.00%
Del af Europa Transp. Kft.	Hungary	International transportation	51.00%	100.00%
PM Intersped Kft.	Hungary	International transportation	100.00%	100.00%
Return Transport Kft.	Hungary	International transportation	100.00%	100.00%
VB-Transport Kft.	Hungary	International transportation	100.00%	100.00%
JIT Euro Trans Kft.	Hungary	International transportation	51.00%	51.00%
Tracking Transport Kft.	Hungary	International transportation	51.00%	100.00%
Mojo Trans Kft.	Hungary	International transportation	51.00%	51.00%
WM Log Kft.	Hungary	International transportation	51.00%	51.00%
SZ-M Cargo Kft.	Hungary	International transportation	51.00%	51.00%
SOLID Transport Kft.	Hungary	International transportation	100.00%	100.00%
Cargo Hungária Kft.	Hungary	international transportation	100.00%	100.00%
Szala Transport Kft.	Hungary	international transportation	51.00%	51.00%
TMT International Kft.	Hungary	International transportation	100.00%	100.00%
Wáberer Hungária Biztosító Zrt.	Hungary	Insurance	100.00%	100.00%
Közdűlő Invest Kft.	Hungary	Property rental	98.55%	98.55%
WB Station et Services	Belgium	Vehicle repairs	100.00%	100.00%
Link Sp. z o.o.	Poland	International transportation	0%	100.00%
Link Services Sp. z o.o.	Poland	Workforce agency	0%	100.00%

In 2014, the Group decided to open trade agencies across Europe, with the first in Paris, the second in Warsaw and the third in London successfully commencing operations. Further trading agencies were opened in 2016 in Amsterdam and in Milan. In Q1 2017, the Group discontinued the operations of the trading offices abroad but the legal entity has been maintained.

On December 28, 2015, Waberer's International Nyrt. entered into a sales contract with the owners of Wáberer Hungária Biztosító Zrt. As per the sales contract the sale of shares was bound to approval of the Hungarian and Slovakian regulators, and the MNB (Hungarian National Bank). After undergoing the approval procedure on May 4, 2016, the HUF 4 billion advance already paid in previous years was used to purchase the ownership for HUF 4 billion by the Group.

In August 2016 the Group established WB Station at Services in Belgium. Its main activities cover repairs to the international fleet, and ensuring parking and fuel supplies. In 2017, the parent company's management discontinued the vehicle repair workshop in Belgium due to market changes in 2017, as a result of which the location of the workshop was no longer optimal for the Group's transportation services.

Owing to the available funds raised from the floatation of shares in July 2017, Waberer's International Nyrt. was able to continue its strategic inorganic growth plan and acquired a Polish transportation company along with its workforce agent partner.

10. OTHER NON-CURRENT FINANCIAL ASSETS

	December 31, 2016	December 31, 2017
Loan to franchise owners	661,204	492,332
Hungaroring Zrt. interest	139,380	–
Other	130,438	(361,885)
Total	931,022	130,447

In 2017, the Group sold its shares of HUF 40 million (EUR 139,380) at face value held in Hungaroring Zrt. and realised a gain of EUR 230,680 on the sale.

Other non-current financial assets include shares allotted to Waberer's International Nyrt's employee share scheme organisation and benefits in kind other than capital contributions less the discounted redemption value of bonds.

For information on the market value of other non-current assets refer to section 34.

11. OTHER NON-CURRENT FINANCIAL ASSETS – LONG-TERM DEBT AND EQUITY SECURITIES

The held-to-maturity investments of Wáberer Hungária Biztosító Zrt, a subsidiary acquired in 2016, typically include government bonds and T-bills that are considered risk-free investments in terms of credit risk. The Group's investments are transacted through three securities brokers and also held self-managed term deposits. The book value of non-current financial assets totalled EUR 43,369,384 at the end of 2017. The term deposits cover the insurance company's technical liabilities.

12. INVENTORIES

Inventories	December 31, 2016	December 31, 2017
Fuel	2,445,956	3,179,036
Spare parts, tyres, lubricants, other materials	545,476	433,373
Other materials	323,065	176,061
Total	3,314,497	3,788,470

Fuel inventories as at the reporting date show fuel in lorries and at the filling station. The values of these inventories were determined as follows:

- inventory at filling station by means of a physical stock count
- fuel in lorries using an estimate based on data in the route registration system.

	Impairment
January 1, 2016	28,858
Increase	217,334
Decrease	28,858
December 31, 2017	217,334
Increase	–
Decrease	107,523
December 31, 2017	109,811

On December 31, 2016 the Group inspected the inventories of the repair shop on the basis of the technology description of the vehicles purchased in the previous two years. As a result of this inspection the Group's vehicle parts in the amount of EUR 217,334 were written off as impairment loss. During 2017, the Group examined the possibility of selling impaired spare parts in the secondary market and managed to sell nearly 50% of already impaired inventories as a result and reversed impairment losses in a total of EUR 107,523.

13. RECEIVABLES

	December 31, 2016	December 31, 2017
Trade receivables	90,024,540	121,913,777
Impairment loss on doubtful receivables	(1,898,022)	(2,572,300)
Total	88,126,518	119,341,477

The balance of receivables at December 31, 2017 was significantly higher than at the end of 2016 as a result of the debtors of the acquired entities (EUR 26.471 thousand) and an EUR 4.743 thousand increase due to the Group's organic growth.

The Group realised a 15.3% increase in revenues on the previous year (net of the insurance line). Of this, the impact of the Link acquisition was 9.3%, the remaining 5.5% increase was from the Group's organic growth. The turnover of debtors turned for the worse after years of improvement and increased from 59.6 days to 62 days. This was due to the acquisition of Link, where the turnover of debtors was 90 days, although receivables from key accounts were factored with recourse. As a result, the actual collection period was 72 days, yet it was much worse than that of the acquiring company. Without the effect of the Link acquisition, average debtor turnover dropped from 59.6 days to 59 days. In view of these facts, in Q4 2017, the Group developed the process of implementing the electronic document management systems (CMRs, shipping confirmations, forwarding and processing parcel tracking records, e-billing) used by the parent and the group members at the new Polish subsidiaries. The implementation project is expected to end in 2018.

	Impairment
January 1, 2016	2,786,708
Increase	288,133
Decrease	1,176,820
December 31, 2017	1,898,022
Increase	553,807
Decrease	513,535
FX gain or loss	38,340
Opening increase due to acquisition	595,666
December 31, 2017	2,572,300

As a result of the Group's rigorous credit rating and collection processes, the impairment loss on doubtful debts did not increase on the previous year net of the effect of the Link acquisition.

Impaired receivables increased by only EUR 42 thousand on the previous year. A total impairment loss of EUR 631 thousand was recognised during the Link acquisition, mostly as a result of the above mentioned process inefficiencies. From 2018 onwards, new billing processes will be introduced and, in Q4 2017, the parent company's closed central credit limit and partner records management system was introduced.

The increase in the accumulated value of impairment recorded on receivables in 2017 is due to the described acquisition. The increase in impairment was EUR 553,807 which is 0.082% of the total revenue. The decrease in impairment is EUR 513,535 which is the result of the successful work of the collection group.

14. OTHER CURRENT ASSETS AND DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2016	December 31, 2017
Foreign VAT and excise tax	21,975,690	26,091,597
Tax receivables	2,534,498	3,343,342
Loans granted	1,469,896	1,460,282
Receivables from employees	1,293,059	402,436
Prepayments	0	0
Accruals	5,601,952	7,178,572
Other	1,788,246	801,172
Derivative transactions	3,140,287	1,756,682
Technical insurance receivables	3,236,174	3,991,933
Total	41,039,802	45,025,864

Most other current assets include Foreign VAT and excise tax, which is derived from VAT and excise tax receivables from foreign tax authorities. As of 2012, excise tax can be reclaimed not only on fuel purchased abroad but also on fuel purchased inland.

Import VAT assets totalled EUR 11,793,751 at December 31, 2017 as opposed to EUR 11,723,397 at the end of 2016. The turnover of import VAT assets increased as a result of the Group's organic and inorganic growth, but the year-end balance is only 0.6% higher than at the end of 2016.

Excise tax assets (receivable from both domestic and foreign tax authorities) totalled EUR 14,297,846 at December 31, 2017 as opposed to EUR 10,252,293 at the end of 2016. The significant increase is due to the fact that more fuelling is happening in Belgium and France, where the average yearly tax refund exceeded the previous year's demands by 60%.

The Group switched to group VAT payment as of August 1, 2013 and the taxes payable and reclaimed by the Group members are netted off as a result.

The value of derivatives at the reporting date is determined using a measurement technique based solely on market inputs. Accordingly, any gain on the year-end revaluation of derivative contracts open at the year-end was recognised among other current assets, while any revaluation loss was recognised among other current liabilities.

Among the technical receivables interest are Wáberer Hungária Biztosító Zrt's reinsurance receivables from the Hungarian Insurance Association (MABISZ) and other non-client related receivables.

As at December 31, 2016, the Group had the following open derivative contracts:

Partner bank	Contract type	Currency	Amount of trade
ING Bank N.V	Forward – purchase	thousand HUF	7 647 575
K&H Bank.	Forward – sale	thousand HUF	28 856 159
UniCredit Bank.	Forward – purchase	EUR	4 814 040
Citibank Plc	Forward – sale	EUR	3 534 405
K&H Bank.	Commodity swap – diesel – purchase	Mt	2 000 Mt

As at December 31, 2017, the Company had the following open derivative contracts:

Partnerbank	Contract type	Currency	Amount of trade
ING Bank N.V	Forward – sale	thousand HUF	10 698 565
Citibank Plc	Forward – sale	thousand HUF	17 449 473

Market value information related to the derivatives is detailed in note 34. The above open derivative contracts mature within one year.

	Impairment
January 1, 2016	2,293,661
Increase	83
Decrease	0
December 31, 2016	2,293,744
Increase	72,359
Decrease	488,326
FX gain or loss	598
December 31, 2017	1 877 179

Other impairment loss was recorded on other current assets, including debts of former employees, receivables from insurance companies, receivables related to guarantees and loans disbursed. Other impairment losses changed significantly compared to last year, which is due to the decrease in the fluctuation of drivers as well as the improvement in the efficiency of the credit management procedures.

15. NON-CURRENT ASSETS HELD FOR SALE

	December 31, 2016	December 31, 2017
Amount	2,068,319	151,631
Number of assets	233	7

Non-current assets held for sale include vehicles, the lease contract of which has expired and the Group intends to sell them. The Group acquires the vehicles from the lessor at their residual value specified in the lease contract, then upon the sale it realises the difference between the sales price and the carrying value as profit or loss: this resulted in a gain of EUR 3,700,255 in 2016 and EUR 3,952,679 in 2017.

Movements in non-current assets held for sale were as follows:

December 31, 2015	**4,550,122**
Reclassified from tangible assets	27,639,827
Disposals	(30,121,630)
December 31, 2016	2,068,319
Reclassified from tangible assets	24,182,324
Disposals	(26,099,012)
December 31, 2017	151,631

	Impairment
January 1,2016	22,891
Increase	0
Decrease	22,891
December 31, 2016	0
Increase	0
Decrease	0
December 31, 2017	0

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the Group's petty cash and bank balances as well as Wáberer Hungária Insurer's demand and short-term deposits that exceed the coverage for reserves. Cash and cash equivalent totalled EUR 58,997,190 at December 31, 2017. The EUR 27 million increase in cash flows in 2017 was due to a positive difference of EUR 14.527 thousand between the Group's enhanced cash-generating ability (EUR 12.784 thousand), the gain on floatation less related costs and the price paid for the acquired Polish subsidiaries.

17. EQUITY

The share capital of Waberer's International Nyrt. at December 31, 2017, comprised 17,693,734 dematerialised shares each with a face value of EUR 0.35. The Group had 38,860 redeemed treasury shares at the end of 2017.

On June 29, 2017, the Group's Board of Directors decided to increase the Group's share capital which thus increased from EUR 5,128,910 to EUR 6,192,807. The capital increase was funded from the gains on an initial public offering at the Budapest Stock Exchange as the Group was transformed into a public limited Group by shares (Nyrt.). The subscription period closed on June 29, 2017, and the shares involved in the capital increase were printed on July 5, 2017, then trading with the Group's shares started on the Budapest Stock Exchange in the premium category on July 6, 2017. The related gain of HUF 15,502,500 thousand (3,039,706 new shares at an issue rate of HUF 5,100 each, presented in the financial statements in a total of EUR 50,218,980) was used, further to management decision, to fund acquisitions and, to a lesser extent, to improve operating efficiency.

The costs of transformation into a public company and the related floatation expenses are presented as an EUR 3,355,071 decrease in equity in accordance with the applicable IFRS standards.
On June 20, 2017, Waberer's International Nyrt. gained full control over Link Sp. z o.o. and Link Services Sp. z o.o., Poland, by buying out all the previous owners. The value of the acquisitions, including transaction costs, was EUR 32,962,445 and was funded from the net income from the public floatation of Waberer's shares. The Group gained a controlling interest in the new subsidiaries on July 1, 2017 and has included these entities in the consolidation as of that date. The Group identified a business combination under IFRS 3 and presented goodwill in the consolidate financial statements as described in Note 6.

Reserves include the profits and losses of previous years, the reporting year profit or loss, and the results of transactions with equity holders, as presented in the statement of changes in equity. The reserves row does not represent the distributable earnings because the dividend is determined based on the figures presented in the stand-alone statutory financial statements prepared in accordance with Hungarian accounting law. In the consolidated financial statements, the dividends payable based on the Hungarian statutory annual report to the minority shareholders are disclosed in the changes in equity in the year when the disbursement was made.

Main rights and obligations of the shareholders

Only those shareholders are entitled to exercise shareholder rights who were entered into the register of shareholders. The conditions and method of exercising of the voting rights at the General Meeting are set in the Articles of Association paragraph 5.6. The register of shareholders shall be updated by KELER Központi Értéktár Zártkörűen Működő Részvénytársaság (hereinafter: KELER) on a monthly basis in accordance with the respective provisions of the agreement, made public by the Group, entered into between the Group and KELER with respect to the keeping of the register of shareholders. No certificate of ownership is required for the exercising of shareholder rights, if entitlement is verified by way of the shareholder identification procedure.

1. Right to receive dividends

The shareholders are entitled to receive a share of the Group's profit that is available and has been ordered for distribution by the General Meeting in the percentage consistent with the nominal value of their shares. Dividends shall be paid to the shareholders that are listed in the register of shareholders at the date of the shareholder identification relating to the dividend payment date announced by the Group. The date of the shareholder identification relating to the dividend payment date cannot be earlier than the fifth trading date following the general meeting resolving on the dividend payment. Dividends may be paid by means other than cash.

The Group shall pay dividends to the shareholders by way of bank transfer as of the date specified by the relevant resolution of the General Meeting. The dividend payment period shall commence on the date determined in the resolution of the General Meeting on the approval of the annual financial statement prepared in accordance with the Accounting Act and the utilisation of after-tax profit. However, at least ten business days shall expire between the date of the first publication of the communication containing the resolution of the General Meeting on the amount of dividend to be paid and the date of commencement of dividend payment and the date of commencement of the distribution of dividend.

Shareholders may claim the dividend as of the date of commencement of dividend payment until the expiry of the limitation period specified by law (five years). Thereafter any claim for dividend shall lapse.

The General Meeting, and pursuant to Section 3:263 (3) of the Civil Code, the Board of Directors shall also be entitled to adopt a decision on the payment of interim dividends between the approval of two consecutive financial statements if:

- according to the interim balance sheet, the Group has funds sufficient to cover such interim dividends;
- the amount distributed does not exceed the amount of available profit reserves supplemented with the after-tax profit shown in the interim financial statement; and
- the payment of such interim dividends may not result in the Group's adjusted equity capital falling below its share capital.

If according to the annual financial statements prepared after the distribution of interim dividends there was no justification for the payment of dividends, such distribution must be returned by the shareholder when so requested by the Group.

Dividends payable in respect of treasury shares shall be considered as distributions due to the shareholders entitled to receive dividends in proportion to the nominal value of their shares. Shareholders shall be entitled to receive dividends based on the capital contributions they have already paid up.

2. Right to information and to attend the General Meeting

The Board of Directors shall provide information to the shareholders with respect to the Group, as well as access to the documents and records concerning the Group, provided that the shareholder requesting such access has made a written confidentiality statement. The Board of Directors may refuse to provide information and access to documents, if the foregoing request would harm the confidential business information of the Group, the person requesting such information abuses his right to information, or fails to make a confidentiality statement despite request to this effect. If the person requesting information considers the refusal of such request unjustified, he may request that the competent court of registration obligate the Group to provide such information.

The Board of Directors shall provide information to all shareholders which are necessary for the discussions held in connection with the items placed on the agenda of the General Meeting in such a manner that, upon written request submitted by the shareholder at least eight days before the date set for the General Meeting, the relevant information is provided to the shareholder at the latest three days before the date set for the General Meeting.

The Board of Directors shall disclose to the shareholders the key data of the financial statements and the key data of the report of the Board of Directors and the Supervisory Board prepared in connection with the financial statements at least twenty-one (21) days before the General Meeting.

Each shareholder shall be entitled to participate, request information and make comments and proposals, as well as to vote at the General Meeting, if it holds shares with voting rights. Shareholders may exercise their voting rights, only if they have made their capital contribution. Shareholders may also exercise their shareholder rights through authorised proxy. Shareholders may not be represented by a member of the Board of Directors, a member of the Supervisory Board or the statutory auditor. If a shareholder is represented by several proxies and such proxies vote or make statements differently, all votes cast or statements made thereby shall be deemed null and void.

The authorisation for representation shall be prepared in the form of a notarial deed or a private deed of full evidentiary force. The proxy shall contain clearly and expressively at least:

- the shareholder's statement for authorisation for the representative,
- the shareholder as Principal and the representative as Proxy,
- the proxy is valid for one General Meeting or a determined period of time, but not a period exceeding 12 months,
- whether it covers the resumption of the suspended General Meeting and the reconvened General Meeting convened due to the lack of quorum,
- any further possible limitation of the proxy.

Only those shareholders or shareholder proxies may attend the General Meeting who were entered into the register of shareholders on the second business day preceding the date of the General Meeting based on the shareholder identification in accordance with KELER's then applicable General Business Conditions. In order to be registered in the Register of Shareholders for the General Meeting the Group will request from KELER a statement of ownership without encumbrance of the ordinary shares issued by the Group. Based on the shareholders' instructions registration of shareholders in the Register of Shareholders shall be ensured by the shareholders' securities account managers who shall forward the shareholders' data to KELER. The Group shall not be responsible for the consequences of any failure on behalf of the securities account manager. Each share with a nominal value of EUR 0.35 shall carry one vote. Each shareholder must cast all of his votes in the same way.

The General Meeting shall have a quorum if it was convened in accordance with the relevant rules and regulations, and if Shareholders representing more than 50% of the registered capital of the Group are present. If the General Meeting fails to have a quorum within one (1) hour from the time designated for commencement thereof, the Chairman of the General Meeting shall announce the date of the reconvened General Meeting as set out in the invitation to the General Meeting. The reconvened General Meeting may be called for a date following the date of the original General Meeting by not less than at least ten (10) days and not more than twenty-one (21) days. The reconvened General Meeting may be held at the same venue, or any other venue specified in the invitation to the General Meeting. The reconvened General Meeting shall have a quorum for the issues of the original agenda irrespective of the voting rights represented by those present.

The General Meeting adopts its resolutions by a simple majority of the votes considered upon the establishment of a quorum, except for the matters indicated by the law and specified in Paragraphs (a)-(d) of Section 5.9.1, in respect of which the General Meeting adopts its resolutions by a three-quarters majority of the votes. Any resolution of the General Meeting which discriminates against the rights attached to a certain series of shares may only be passed if the shareholders of the share series in question grant their explicit consent. Prior to the adoption of the resolution of the General Meeting the shareholders of the share series concerned present at the meeting deliver a decision in respect of each series of shares by the simple majority of the votes represented by the shares pertaining to a particular series. In the course thereof, the provisions on the restriction or exclusion of the voting rights attached to such shares may not be applied, not including the prohibition of exercising voting rights attached to treasury shares.

3. Minority rights

Those shareholders who control at least 1% of the voting rights may at any time request that the General Meeting be convened, indicating the reason and purpose thereof. If the Board of Directors fails to take measures for convening the General Meeting for the earliest date possible within eight days from receipt of the request, the General Meeting shall be convened, upon the request of the shareholders making the proposal, by the court of registry, or the court of registry shall empower the requesting shareholders to convene the meeting. The expected costs of such meeting shall be advanced by the requesting shareholders. At the meeting convened upon the request of minority shareholders the General Meeting shall resolve whether the costs incurred are to be borne by the shareholders making the proposal or the Group.

If the General Meeting has refused to consider or put to vote a proposal that the last annual financial statement or any financial event or undertaking which occurred in relation to the activity of the Group in the past two years be examined by an auditor to be specifically entrusted with this task, upon request by the shareholder or shareholders controlling at least 1% of the voting rights, which request is to be submitted within thirty days from the date of the relevant General Meeting under penalty of forfeiture of rights, the court of registry shall order such examination at the cost of the Group and appoint the auditor. The court of registry shall refuse to grant the request, if the shareholders submitting such request abuse their minority rights.

If the General Meeting has refused to consider or put to vote a proposal that a claim by the Group against any shareholder, Board member, member of the Supervisory Board, or the statutory auditor be enforced, the shareholders controlling at least 1% of the voting rights may also enforce such claim themselves on behalf of and to the benefit of the Group within thirty (30) days from the date of the relevant General Meeting under penalty of forfeiture of rights.

If shareholders controlling at least 1% of voting rights in the Group make a proposal to the Board of Directors regarding additions to the agenda in accordance with the provisions on setting the items of the agenda, or a draft resolution concerning any item already on the agenda or to be put on the agenda within eight (8) days from the publication of the notice on the convening of the General Meeting, the Board of Directors shall publish a communication on the supplemented agenda and the draft resolutions submitted by the shareholders upon being notified of the proposal. The issues indicated in the notice shall be deemed to have been put on the agenda.

Shareholders of the Group controlling at least 1% of voting rights and any creditor of the Group with a claim which is not yet due at the time of distribution and reaches 10% of the registered capital until the expiry of the one-year limitation period as from the date of distribution may request, with the simultaneous advancing of costs, that the court of registry appoint an auditor to examine whether such disbursement is lawful. Any payment to the shareholders made in cash or otherwise shall be construed as a distribution, with the exception of employee shares provided without compensation or at a discounted price, as well as shares provided without compensation from the share capital increased by the conversion of assets which do not form part of the share capital into share capital.

18. LEASING LIABILITIES

The Group acquires the vehicles it needs for its basic operations using finance leases. For trucks, the maturity of the Group's lease contracts increased from 4 years to 5 years, while for trailers it remained 5 years. The Group acquires the vehicles directly from the manufacturers, who provide a repurchase guarantee not only for the end of the term but also during the term.

The following table shows the break-down of future lease payments (capital and interest) by maturity.

	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total
December 31, 2016						
Finance lease liabilities, capital	31,227,490	34,644,610	52,644,966	108,621,453	977,770	228,116,289
Finance lease liabilities, interest	1,724,936	1,362,809	1,997,224	1,836,029	28,616	6,949,614
Total	32,952,426	36,007,419	54,642,190	110,457,482	1,006,386	235,065,903
December 31, 2017						
Finance lease liabilities, capital	40,774,940	40,653,926	91,871,107	112,343,857	2,541,665	288,185,494
Finance lease liabilities, interest	2,049,403	1,708,036	2,309,722	2,415,817	20,652	8,503,630
Total	42,824,342	42,361,962	94,180,828	114,759,674	2,562,317	296,689,124

The table shows the maturity and interest payments of lease liabilities as at 2016 and 2017 year-end, but it does not take into account that as the assets are continuously replaced the maturing lease agreements are constantly replaced with new ones. The interest charges on the lease liabilities are calculated based on the EURIBOR valid on the current year at December 31, and the increased interest premiums.

19. PROVISIONS

	Litigations	Insurance claims	Other	Bonus	Total
Opening at January 1, 2016	949,920	0	1,997,142	2,605,883	5,552,945
Allocation and review of previous estimates	710,515	4,425,637	971,580	2,276,983	8,384,715
Opening due to acquisition	0	10,843,058	0	0	10,843,058
Interest impact	14,216	0	0	0	14,216
FX gain/loss	225	0	0	0	225
Release	(452,153)	0	0	0	(452,153)
Use	(99,637)	0	(1,997,142)	(2,605,883)	(4,702,662)
Closing at December 31, 2016	1 123 086	15,268,695	971,580	2,276,983	19,640,344
Allocation and review of previous estimates	1,050,690	5,311,869	612,610	2,269,898	9,245,067
Opening due to acquisition	100,761	0	0	0	100,761
Interest impact	0	0	0	0	0
FX gain/loss	6,063	0	(240)	485	6,307
Release	(780,879)	0	0	(733 591)	(1,514,470)
Use	(420,256)	0	(972,317)	(1,074,133)	(2,466,706)
Closing at December 31, 2017	1,079,464	20,580,565	611 633	2,739,641	25,011,303

	Litigations	Insurance claims	Other	Bonus	Total
Short-term portion 2016	0	0	971,580	1,800,173	2,771,753
Long-term portion 2016	1,123,086	15,268,695	0	476,810	16,868,591
Short-term portion 2017	0	0	611,633	2,739,641	3,351,274
Long-term portion 2017	1,079,464	20,580,565	0	0	21,660,029

As at December 31, 2017, the Group had made provisions of EUR 1,123,086 for contingent liabilities from ongoing litigations. In most of these cases, the insurance company paid compensation to the Group's customers based on a CMR policy. As a result, provisions of EUR 781,000 were released and EUR 420,000 was used from the provision made for uninsured claims during the year. The Group reviewed the progress of its legal cases on a quarterly basis and a total provision of EUR 1,050,690 was made for brought forward and new cases in 2017. Any contingent liability is expected to incur after more than one year, therefore these are presented among long-term liabilities.

In 2017, the Group made a technical insurance provision of EUR 5,311,869 in addition to EUR 15,268,695 provisions made in 2016 as presented among long-term provisions in the Group financial statements for compensation payable by Wáberer Hungária Biztosító Zrt., acquired in 2016. Wáberer Hungária Biztosító Zrt. is the Group's exclusive insurer and offers comprehensive insurance solutions, including indemnity, vehicle, asset and CMR insurance services.

In view of the Group's performance in 2016, management approved an employee bonus payment totalling EUR 1,457,630. Accordingly, a provision of EUR 1,800,173 was made for this amount plus related taxes. The bonuses were paid in the first half of 2017. In 2017, the Group made a provision of EUR 1,055,262 for employee bonuses plus related taxes.

The owners of the Group started an Employee Share Option Program (ESOP) organisation with the aim of handling the financial instruments according to the remuneration policy framework following the acquisition of the leading influence in the acquired subsidiary. ESOP is a new form of employee remuneration program in Hungary introduced by the State, which ensures a favourable taxation for employers and/or employees. Although the ESOP Organisation is an independent legal entity duly registered by the Company Registry, it does not qualify a business enterprise as its existence does not serve a tangible economic purpose and, in this particular case, acts merely as an "intermediary" between Waberer's and its employees under Waberer's Compensation and Rewards Policy. At the same time, the concept of the ESOP Organisation is out of the scope of IFRS 10 but within the scope of IAS 19 as it is another long-term employee benefit plan. Based on the definition in IAS 19, any reward extended by the ESOP Organisation qualifies as other long-term employee benefit. All employee benefit in the ESOP Organisation other than a short-term employee benefits, a post-employment benefit or a termination benefit. The participants in the ESOP are middle managers and senior executives of the Group.
The Group reviewed the aims of the ESOP organisation and based on this assessment made provisions of EUR 1,214,636 for covering future benefits.

The Group made provisions of a sum of EUR 971,580 for untaken employee holidays. Vacations for 2016 were taken in 2017. According to payroll records at December 31, 2017, leave benefits plus related taxes totalled EUR 612,610 for which the Group has made a provision.

20. OTHER LONG-TERM LIABILITIES

	December 31, 2016	December 31, 2017
Loans from non-related companies	0	6,448,045
Total	0	6,448,045

On June 30, 2009, two of the Group's subsidiaries received a loan of EUR 5 million with a term of 4 years from one of their main suppliers. In the hope of a fruitful co-operation, on June 30, 2012, the loan was extended until June 30, 2016, and then for another year. The contracts of Group management were extended for another three years and the scope of their contracts was extended to include the newly acquired Polish subsidiaries.

As a result of the above, liabilities related to the contracts expired in 2017 (EUR 6,359,057) were posted to short-term loans, and the year-end balance due to the prolonged contracts are presented among long-term liabilities.

The related borrowing costs are included in the fee for the regular monthly services supplied by the lender.

21. TECHNICAL INSURANCE PROVISIONS

Technical insurance provisions total EUR 41,640,209 and include insurance reserves set aside at the end of the financial year for Wáberer Hungária Biztosító's third-party insurance contracts in accordance with the insurance act. These reserves are as follows:

Reserves for unearned premiums
Insurance premium prescribed in 2017 for the next financial year.

Outstanding claims reserve
This reserve is recognised on the basis of two articles related to loss events. First, it includes reserves created to cover claims not yet settled but reported in, or before 2017. For each loss event a loss reserve is created, which includes the balance of the damage claim costs related to settling the claim. Each loss reserve is reduced by the expected recoverable regress claims. Additionally, in accordance with insurance legislation, the reserve also includes claim reserves for each sector created based on insurance run-off triangles, or earned premiums (in cases where the insurance company does not have data from the past three years). These claim reserves are created to cover claims that have been incurred but have not yet been reported.

Other reserves
The entity created cancellation reserves for liabilities relating to policyholders based on the percentages determined in the accounting policies: first, based on the age of outstanding receivables, and secondly, based on historical data on lapse of interest.

In order to reduce the risks of its insurance contracts, the entity signed reinsurance contracts for the aforementioned technical reserves. Based on the reinsurance contracts, the proportionate amounts of technical reserves have been presented among long-term financial assets.

22. OTHER CURRENT LIABILITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2016	December 31, 2017
Payments to personnel	9,932,133	11,147,940
Taxes	595,563	897,484
Accruals	70,378	179,292
Other liabilities	501,101	5,910,402
Derivative contracts	1,166,961	522,570
Insurance technical liabilities	536,691	508,165
Total	12,802,827	19,165,853

Payments to personnel include yet unpaid wages payable to employees and related taxes presented among payroll expenses in the consolidated financial statements.

Starting from August 1, 2013, the Group switched to group VAT payments, which resulted in a significant decrease in the net amounts of other receivables and other liabilities. Group VAT significantly improved the Group's liquidity. Differences arising from the year-end losses are presented among the liabilities arising from the derivative financial instruments. See note 11.

The significant increase in other liabilities reflects factored debtors of the acquired Polish subsidiary totalling approximately EUR 6 million. Receivables are factored with recourse. Accordingly, debtors are presented until collection in gross against factoring liabilities.

Technical insurance liabilities include prepayments by policyholders, other amounts paid in advance, other outstanding repair and replacement payable at December 31, 2017, and amounts payable to insurance brokers.

Liabilities from derivative contracts include revaluation losses as presented in Note 15.

23. SALES REVENUE, MEDIATED SERVICES

2016

Item	Int. transport	Regional contract logistics	Other	Inter-segment setoffs	Total
Own fleet transportation revenues	354,820,645	39,724,144	0	(140,035)	394,404,754
Subcontractor revenues	79,796,027	29,318,710	0	(1,036,314)	108,078,423
Other revenues	16,784,764	28,927,323	31,911,271	(7,754,723)	69,868,635
Inter-segment setoffs (–)	(7,979,410)	(951,662)	0	8,931,072	0
Net income	443,422,026	97,018,515	31,911,271	0	572,351,812

2017

Item	Int. transport	Regional contract logistics	Other	Inter-segment setoffs	Total
Own fleet transportation revenues	391,401,548	54,235,668	0	(71,000)	445,566,216
Subcontractor revenues	98,080,908	34,670,716	0	(740,762)	132,010,862
Other revenues	22,145,076	35,630 926	50,621,242	(11,592,821)	96,804,423
Inter-segment setoffs (-)	(11,463,535)	(941,048)	–	12,404,583	–
Net income	500,163,997	123,596,262	50,621,242	0	674,381,501

International transportation segment
Revenues from international transportation with own fleet increased by a notable 10.31% in 2017. An important factor in this was the acquisition of the Polish subsidiary which added 440 trucks to the existing fleet. The Polish subsidiary was first included in the consolidation as of July 1, 2017, and realised revenues of EUR 49 million by the end of 2017 in the own-fleet international transportation segment. In addition to inorganic growth, the Group also improved its internal performance, as a result of which the average number of trucks increased from 2,970 in 2016 to 3,084 in 2017 (net the new Polish subsidiary) Organic growth helped increase volumes by 4% compared to 2016.
Loading ratio and mileage also improved. The combined effect of revenues per kilometre, loaded percentage and mileage output also increased revenue by 3%. The annual total mileage of the fleet used in international transportation was nearly 420 million kilometres.

In this segment, the revenue from transportation with third-party vehicles increased by 6.3% on the previous year.

For its international goods transportation operations the Group not only uses its own vehicles but also employs subcontractors, along with other related services, which are sold on in unchanged form to its clients (such as ferry tickets and other crossing services, and motorway tolls). The aforementioned sales revenue is presented in revenues from non-regular business activities.

Regional contractual logistics segment
Revenues from the regional logistics operations increased by 26.8% in 2017, well over the 15% increase in 2016. This increase was due to the group's active market expansion strategy started in 2016 and continued in the reporting year. Within this segment, own-fleet transportation revenues increased over 36% on the previous year. In order to serve a larger market, the fleet increased by 14%, and the number of kilometres driven increased by 22%, which reflects improved efficiency. The entire fleet reached an annual mileage record of 60 million kilometres.

A large number of subcontractors are involved in the road transport operations of the regional contractual logistics segment. These subcontractors account for 39% of the segments, road transport revenues (a 22% increase within segment revenues, but a 3% drop within total revenues).

Apart from road transport services, the regional logistics segment also provides complex logistics services to clients, including warehousing and other related services. Warehousing revenues represent a key item within other revenues. Warehousing revenues in 2017 exceeded EUR 23 million, which is 64% more than in 2016. In order to ensure warehousing capacity, in the past 18 months, Waberer's-Szemerey Logisztika Kft. signed rental contracts with two more significant property management companies in addition to the warehouse hub rented from BILK Logisztikai Zrt. and owned by a Group member, Közdűlő Invest Kft. The segment's warehousing operations are carried out in the above described rented properties totalling more than 160,000 square metres.

The Group entities supply various services to the domestic transport subcontractors, such as selling fuel, managing road toll payments and vehicle repairs. These services are supplied and charged on an 'as is' basis and the related revenues are presented among revenues from non-core operations.

Other segment
Insurance revenues include the revenues of Wáberer Hungária Insurance company from third-party insurance policies. The Group's insurance company offers insurance solutions related to domestic and international transportation, such as mandatory liability insurance, vehicle insurance, CMR and carrier indemnity insurance. The insurance company also offers services (car and asset insurance) to retail clients. In accordance with applicable Hungarian legislation, the Group's insurance company does not offer life insurance services. The company's revenues from insurance services increased by nearly EUR 18 million on the previous year. This was due partly to the fact that, in 2016, the company was only consolidated as of 1 April (9 months) as opposed to 12 months for 2017. Organic growth also contributed to a 22% increase in revenues on the previous year.

24. SALARIES, ALLOWANCES, CONTRIBUTIONS

International transportation segment

Item	2016	2017
Direct payroll costs and related taxes	29,195,695	32,613,791
Salaries	21,505,660	25,557,328
Variable wages and taxes	7,690,035	7,056,463
Benefits	46,338,645	54,831,706
Direct payroll costs and related taxes	75,534,340	87,445,497

Within salaries, allowances, contributions, the Group presents the payroll costs and related taxes of international drivers, service colleagues, and domestic storage colleagues.

Directly paid salaries increased by EUR 4 million on 2016, in which the acquisition of the Polish subsidiaries alone was key with an EUR 2.1 million increase. Besides this an increased fleet calls for more staff and the number of drivers (less the effect of the acquisition) increased by one hundred. Another increasing factor was a raise in gross salaries.

Variable wages and taxes include driver bonuses and social security contributions. Despite an increased fleet and the Polish acquisition, restructured driver bonuses and a 5% drop in social contributions resulted in an overall decrease in these costs.

The increase in direct pay approximated EUR 8.5 million in 2017. The primary reason for the increase was the acquisition of the Polish entities, which added EUR 3.6 million. Other increasing factors were the increase in the number staff as the Group's fleet expanded and an average 8% increase in compensation packages as approved by management

While the number of drivers in the Group's international transportation segment was 4,170 in 2016, it grew to 5,000 in 2017.

Regional contractual logistics segment

Item	2016	2017
Direct payroll costs and related taxes	7,808,816	11,322,508
Salaries	4,381,788	7,229,219
Variable wages and taxes	3,427,029	4,093,289
Benefits	3,246,842	4,948,455
Direct payroll costs and related taxes	11,055,658	16,270,963

Payroll costs and related taxes reflect the wages, salaries and benefits paid to the Group's domestic drivers, servicing personnel, and warehouse staff, and the related taxes and social security contributions.

In order to ensure the revenue generating services (transportation and warehousing), the number of drivers increased by 21% on the previous year, and the number of warehouse staff more than doubled in 2017. In view of a shortage of staff in the region, the Group effected a notable salary increase in the regional contractual logistics segment.

The number of staff in the regional segment was 1,540 at the end of 2017.

25. FUEL COSTS

	2016	2017
Fuel used for international transportation	95,890,574	103,811,079
Fuel used for domestic transportation	8,774,123	13,351,619
Inter-segment setoffs	(10,956)	(41,419)
Fuel costs	104,653,741	117,121,320

The fuel cost of international transportation increased by EUR 7.9 million on the previous year. This increase was due mostly (by EUR 6.6 million) to the extra transportation capacity acquired as a result of the new Polish subsidiary. The rest (less than a EUR 1 million increase) was due to a 4% increase in average fuel costs despite a notable (over 2%) reduction in actual fuel consumption.

Fuel costs in the domestic transportation segment increased by nearly 50% as a result of increased mileage, a 10% increase in fuel prices and a reduction in refundable excise tax.

26. MOTORWAY & TRANSIT COSTS

	2016	2017
Transit cost of international transportation		
of which: motorway	60,570,239	64,160,378
ferry crossings	21,967,856	26,078,689
services used	193,568	403,146
other transit costs	(2,146,759)	1,005,832
Transit cost of domestic transportation		
of which: motorway	5,224,108	8,142,615
ferry crossings	36,777	5,725
services used	8,122,935	11,032,475
other transit costs	500,640	513,509
Inter-segment setoffs	(240,365)	(380,568)
Road tolls and transit costs	94,229,000	110,961,800

Of the increase in road tolls in the international transportation segment, EUR 3.5 million was due to the acquisition of the Polish subsidiary. The increase in road tolls per motorway kilometre was mitigated by the Group by using non-toll roads and cheaper routes. The significant increase in ferry costs (EUR 3.9 million) was, again, due to the Polish subsidiary, as its fleet heavily relies on the UK market. Other transit costs include parking fees and retrospective discounts on road tolls and ferry fares.

The significant increase in road tolls in the domestic transportation segment was due to increased mileage and changes in the structure of shipping services. Services used reflect the cost of packing, commissions, labelling, re-packing and other warehousing services supplied by third parties to support the Group complex logistics services.

27. REINSURANCE COSTS

	2016	2017
Reinsurance costs	17,416,693	26,688,216

Wáberer Hungária Biztosító Zrt, the subsidiary acquired in 2016, covers its most significant risks with reinsurance contracts. Reinsurance coverage is 75% for international transport insurance (CMR and delivery), 50% for CASCO, housing and elements of other property insurance, and 50% for third-party liability motor insurance. The reason for the significant increase in reinsurance costs was that the insurance company's large risk exposure was minimised in view of a sustainable profit ratio.

28. OTHER COSTS

	2016	2017
Repair, installation costs	12,385,218	15,997,198
Insurance costs and expenses	24,368,373	25,529,094
Direct rental costs	5,429,912	5,598,107
Other services	1,615,877	2,106,100
Vehicle weight tax and other transportation taxes	1,891,094	2,131,096
Other costs, total	45,690,475,	51,361,594

The significant increase in repair and fitting costs was due to the increased fleet as a result of the acquisition of the Polish subsidiary.

Insurance costs include claims paid by Wáberer Hungária Insurance following its full consolidation in 2016 not only to Group to members but also to third parties.

	2016	2017
International forwarding	12,703,002	9 823,033
Regional contractual logistics	1,135,101	(35,882)
Other	10,530,271	18,006,428
Inter-segment setoffs	0	(2 264,485)
Total	24,368,374	25,529,094

29. INDIRECT COSTS

The details of indirect costs are as follows:

	2016	2017
Indirect wages and payments	27,625,978	34,162,248
Other services	18,320,985	19,520,456
Property maintenance, utilities and rent	3,835,331	4,831,169
Specialists	5,153,175	4,590,384
IT costs	2,142,945	2,815,770
Communication costs	568,803	722,134
Company cars	610,914	691,613
Marketing costs	1,020,879	635,684
Other costs	4,988,937	5,233,703
Selling, general and administrative costs	45,946,963	53,682,703

30. OTHER INCOME

	2016	2017
Provisions released	555,872	821,279
Compensation income	1,012,513	1,722,763
Fines, penalties, default interest refund	15,134	1,281,952
Employee refunds	1,245,972	993,503
Government grant	21,673	23,332
Reversed impairment loss on receivables	223,955	855,331
Reversed impairment loss on inventories	0	107,523
Return on deposits for insurance claim reserves	859,986	1,217,566
Other miscellaneous income	1,123,232	1,887,349
Total	5,058,337	8,910,958

The significant increase in fines, penalties, late payment interest refund was due to the fact that Waberer's Romania had disbursed EUR 1,024 thousand under a former customs guarantee to the Romanian state dating back to 2010. As a result of the related 7-year litigation process, the Group's position was upheld and the disbursements were refunded.

Impairment losses on receivables have been reversed as other income and are recognised as other expenses. During the year, the Group introduced a monitoring sytem for reviewing individual receivables each month.

The following table shows the segment information of other income:

Years	International transport	Regional contract logistics	Other	Inter-segment offsetting	Total
2016	3,727,583	841,292	456,276	33,186	5,058,337
2017	7,301,785	1,374,938	840,172	(606,297)	8,910,598

31. OTHER EXPENSES

	2016	2017
Repair and replacement paid	1,464,796	2,186,573
Provisions	888,781	605,410
Impairment on debtors	288,132	850,222
Penalties, fines	1,356,169	2,398,757
Impairment on inventories	228,461	0
Credit loss	17,914	22,538
Provisions for insurance events	4,425,637	5,477,393
Other miscellaneous expenses	1,949,616	1,511,332
Total	10,619,506	13,052,224

Income and expenses related to claims comprise damage to vehicles and goods during transport and damage suffered during customs guarantee activities, as well as the associated insurance pay-outs. The majority of other income and damage-related expenses recognised under other expenses is connected to Waberer's International Zrt., Euro-Unió Trans Kft. and to franchise companies. Revenues from damage events exceed the expense related to damage as a result of self-funded repairs.

The amount of provision for insurance claims is booked as an expense and is presented among provisions.

Most of the change in penalties was due to two cases: (1) the French police retrospectively fined all European carriers for speeding in the years 2014 to 2017 (EUR 303,000 at Group level); (2) EUR 337,000 tax penalty paid to the Romanian tax authority after a comprehensive tax audit involving the years 2011-2016. The tax audit also identified unpaid taxes which the Group challenged and filed for a review while concurrently securing a bank guarantee. The review must end in May 2018 and, unless it brings results, the Group is prepared to contest the initial decision of the tax authority in court on the grounds that the transfer pricing practice challenged by the Romanian tax authority is against the EU's principles.

The following table shows the segment information of other expenses.

Years	International transport	Regional contract logistics	Other	Inter-segment offsetting	Total
2016	9,606,344	973,131	73,272	(33,241)	10,619,506
2017	10,391,091	2,565,058	96,076	0	13,052,225

32. FINANCIAL EXPENSES

	2016	2017
Interest income	94,945	97,853
Interest paid	(4,311,568)	(4,736,183)
Realised FX gain or loss	(166,387)	(214,210)
Unrealised FX gain or loss	29,193	1,144,694
Realised gain or loss on derivatives	1,205,383	(68,503)
Gain or loss on investments	182,834	230,608
Other	(160,771)	(9,256)
Total	(3,126,371)	(3,554,997)

With the Group, Waberer's International Nyrt., Waberer's-Szemerey Logisztika Kft. and the acquired Link Sp. z o.o. had significant financial leases in 2016 and 2017.

The amount of interest paid by the Group on financial leases did not change significantly (EUR 4,292 thousand in 2017 vs. EUR 4,272 thousand in 2016). The Group's daily average leasing portfolio increased by EUR 60.1 million as a result of the acquisitions in 2017 and the Group's organic growth. The interest rates on the new trucks acquired in 2017 dropped by an average of 0.5% as a result of a 0.07% drop in basis rates (3-month EURIBOR and EONIA) and a 0.43% drop in interest margins. The average interest rate in 2017 was 1.67% as opposed to 2.17% in 2016.

The accounting records of most Group companies are maintained in EUR and so most transactions are not subject to foreign exchange rate fluctuations at any time since all the Group's revenues are earned and 70% of its costs are incurred in EUR.

However the Group's subsidiaries in Poland maintain their accounting records in PLN and so the records of their EUR leasing liabilities are subject to the fluctuations of the PLN exchange rate. The Group will seek to develop policies to mitigate the accounting impact of future movements in the PLN, however Polish law does not permit adoption of the EUR as reporting currency.

Likewise the accounts of Waberer's-Szemerey Logisztika Kft. continue to be prepared in Hungarian Forint, its functional currency, so any CHF and EUR rate fluctuations result in foreign exchange differences on lease balances and transactions, and these are then translated into EUR during consolidation.

Assets and liabilities denominated in foreign exchange are presented in Note 34. c).

The following table shows interest payments by segment:

2016

Item	International transport	Regional contract logistics	Other	Inter-segment offsetting	Total
Interest income	322,621	6,287	0	(95,008)	233,900
Interest paid	(3,702,621)	(842,979)	0	95,008	(4,450,559)
Other financials	1,033,731	107,694	(51,138)	0	1,090,288
Financial Expense	(2,346,235)	(728,998)	(51,138)	0	(3,126,371)

2017

Item	International transport	Regional contract logistics	Other	Inter-segment offsetting	Total
Interest income	173,254	11,148	479	(87,028)	97,853
Interest paid	(4,426,235)	(576,977)	0	87,028	(4,736,183)
Other financials	1,435,776	(19,177)	(332,865)	0	1,083,734
Financial Expense	(2,637,204)	(585,006)	(332,386)	0	(3,554,597)

33. INCOME TAX EXPENSES

The income tax expense disclosed in the consolidated financial statements for the Group as at December 31, 2016 and 2017 comprised the following components:

	2016	2017
Current income tax expense	5,862,249	7,128,624
Deferred taxes	(992,623)	(2,344,234)
Total income tax expense	4,869,626	4,784,390

The Group treats Hungarian corporate tax and local business tax as income taxes, along with the corresponding foreign income taxes; the impacts of the different tax bases are presented in the breakdown of the difference between the expected tax and the recognised income tax.

Upon preparing the consolidated financial statements for 2016, the Group reviewed the effective tax rate in view of the changes in corporate taxation in Hungary effective as of January 1, 2017 (announced in December 2016), and determined an effective tax rate of 11.3% - which remained unchanged in 2017. No deferred tax calculation is prepared for the foreign subsidiaries as they have no such item, except for Link Sp. z o.o., Poland, acquired in 2017.

Deferred tax details:

	Dec. 31, 2016	Dec. 31, 2017
Waberer's International Nyrt.	207,061	0
Waberer's-Szemerey Logisztika Kft.	1,815,815	358,114
Franchise companies	0	909,069
Wáberer Hungária Biztosító Zrt.	0	29,976
Deferred tax liability in the BS	2,022,876	1,297,159

	Dec. 31, 2016	Dec. 31, 2017
Wáberer Hungária Biztosító Zrt.	(196,171)	0
Waberer's International Nyrt.	(203,510)	(1,635,505)
Delta Rent Kft.	(2,258)	(3,371)
Link Sp. z o.o.	Not group member	(443,271)
Franchise companies	0	(107,263)
Deferred tax assets in the BS	(401,939)	(2,189,410)

Deferred tax on cash-flow hedges reflects the deferred tax on the fair value difference on the Group's derivatives recognised directly in equity in a total of EUR 66,529 at December 31, 2017.

The difference between the tax payment liability based on the accounting profit and the actual tax liability is broken down in the following table:

The difference between the tax payment liability based on the accounting profit and the actual tax liability is broken down in the following table:

	2016	2017
Profit before taxation under IFRS	14,043,553	23,175,240
Income tax expense	4,869,626	4,784,390
Expected tax (11.3% of pre-tax profit)	1,586,921	2,618,802
Difference	3,282,705	2,165,588

	2016	2017
Impact of different tax rates (local business tax)	3,909,325	3,969,653
Effects of permanent differences (penalties, levies)	196,010	213,105
Development tax allowance (permanent difference)	(225,066)	(261,172)
Usage of losses carried forward	(916,088)	(1,582,876)
Other	318,524	(173,122)
Total	3,282,705	2,165,588

34. MANAGEMENT OF FINANCIAL RISKS

During its operations the Group is exposed to various types of financial risk. These risks can be classified into the following groups:
- credit risk
- liquidity risk
- market risk

The management of the Group's financial risks was centralised at the finance department.

This section contains a brief description of how these risks impact on the Group's exposures and what targets, processes and internal policies the Group has elaborated and applies to measure and manage individual risks.

The Group's Board of Directors is responsible for setting the risk management guidelines and frameworks for the Group. Their task is to design and set up a standard risk management policy and strategy, and continuously monitor what risks the Group is exposed to. The Board of Directors is also responsible for regularly reviewing risk management policies and strategies, as well as updating and modifying them if market circumstances change.

(a) Credit risk

Credit risk is the risk that the Group will incur a loss due to a client not complying with contractual terms and conditions. From the perspective of the Group this primarily means the non-payment risk of clients.

Trade and other receivables

There is not a high concentration of credit risks in the Group. The 10 largest clients account for 20.9% of total revenue in 2016 and 21.39% of total revenue in 2017.

The Group drafted a credit risk management policy based on which a review is carried out on all new clients regarding their operations and public information available at the tax authority. Thereafter, the commercial loan limit is determined based on the system of external and internal evaluations. The Group does not ask for any collateral to secure individual trade receivables.

The Group has developed long-term relationships with clients, and losses are not common. The Group monitors existing clients on a monthly basis to check the size of existing exposures and matured items. If the set limits are reached or exceeded the system automatically blocks further transactions. The individual exposures are grouped according to the number of days in default and the legal status of invoices.

The scope of external services and service-providers used for risk management was widened to mitigate future risks. One segment of clients has loan insurance contracts, while a new service provider was brought in to help rate clients in Central and Eastern Europe more effectively.

There is centralised risk and receivables management for foreign subsidiaries once they join the central IT system.

With the higher headcount in Collections more emphasis is now placed on proactive client management.

The calculation of impairment reflects an estimate on the extent of the likely loss for the Group from exposures to clients. The majority of the impairment is made up from individual impairment charges on individually significant items. The other part is the group impairment, which is recorded for incurred but as yet unidentified losses in groups of similar assets. The allocation of group impairment is facilitated by historic loss figures.

(b) Liquidity risk

Liquidity risk is the risk that the Group will be unable to settle its financial liabilities when they fall due. The purpose of liquidity management is to ensure sufficient resources for the settlement of liabilities when they fall due.

To manage liquidity, in 2011, the Group entered into an agreement with a factoring company whose services are used as required. In view of the Group's outstanding liquidity position as at December 31, 2016, and December 31, 2017, the Group did not have to use either its revolving loan or factored loan facility. Accordingly, the Group had an available loan facility of EUR 29.04 million at December 31, 2017 and an unused factoring facility of EUR 5 million.

With respect to the new asset purchase loans taken by the Group in 2014 and in 2016 as part of an export incentive programme, the lending banks specified the following financial covenants.

Calculation of financial covenants for 2017:

Interest coverage (EUR million)	
Total interest coverage	17.75
EBITDA	82.32
Net of the full interest	4.64
Minimum amount:	4.00

Debt service (EUR million)	
Debt service ratio	1.19
Free cash flow	84.62
Full debt repayment	71.34
Minimum amount:	1.05

Net debt service (EUR million)	
Debt coverage ratio	2.77
Net debt(1)	228.21
EBITDA	82.32
Maximum amount:	3.50

The table above shows that Waberer's Group met all the three financial ratio requirements on December 31, 2017.

(c) Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and share prices, will influence the Group's results and the fair values of financial instruments reported in the financial statements. The purpose of managing market risk is to control the exposure affected by market risks in a way that maximises the return achieved. The Group's treasury department focuses on market risk management.
In terms of market risk the Group is primarily exposed to exchange rate risks as well as cash-flow risks derived from changes to interest rates and the global fuel price. The Waberer's Group is exposed to substantial market risks during its activity. The actual figures subsequently calculated generally differ from the exchange rates, interest rates, share, other security and commodity prices used during the planning. Transactions concluded for hedging purposes but not included in hedge accounting are designed to protect the Group from this uncertainty, particularly from impacts adversely affecting planned cash flow.
Besides, the Group uses a fuel price covenant in its transportation contracts in order to mitigate its exposure to fuel price fluctuations.

(i) Exchange rate risk

Of all the market risks, the Group was less affected by exchange rate risk in 2017 as most of the Group's revenues and expenses of the companies within the Group incurred in its functional currency. At some Group members, the functional currency is RON and PLN, and it is HUF at the only domestic logistics company. Therefore, fluctuations in the RON/EUR, PLN/EUR and HUF/EUR rates represent a currency risk for the Group. The ratio and volume of transactions in foreign currencies and in the functional currencies differ. Costs incurring in foreign currencies exceed the revenues earned in foreign currencies. Costs that incur in foreign currencies and are not covered with corresponding revenues (natural cover) are held as an open FX position, the value of which changes along with the relevant FX rate fluctuations. Such FX expenses related to FX rate fluctuations represent uncertainty to the Group's cash flows and are therefore addressed with FX hedges that qualify for hedge accounting (cash flow hedges) under IFRS.

(ii) Interest cash flow risk
The Group pays interest on leases and loans. The interest payable generally comprises a reference interest rate and an interest premium. The reference rate changes constantly based on supply and demand on the interbank money market, central bank decisions and other factors.

Waberer's Group does not enter into speculative derivative contracts, but hedge accounting is not applied for any of the concluded contracts either given that it has yet to elaborate the documentation requirements and hedge effectiveness testing system that is needed for this. The basic rule is still that trades may not focus on one partner and must be diversified.

(d) Equity management
The Group aims to establish a strong equity position to retain the confidence of investors, creditors and the market and support the future development of its business activities. The Group continuously monitors returns and the level of dividends due to owners.

The Group's Board of Directors strives to strike a balance between the advantages of a strong equity position, security, and higher borrowings enabling higher returns.

There was no change in equity management processes and methods during 2016 or in 2017.

Legal regulations applicable for the Group and its Hungarian subsidiaries prescribe the following provisions for equity:

To protect creditors, section 133(2) of Act V of 2013 on the Civil Code prescribes the following in terms of equity compliance: "If a business association's equity is not sufficient to cover the subscribed capital prescribed for its specific corporate form over two consecutive financial years, and the members fail to provide for the necessary equity within a period of three months after approval of the annual account for the second year, the business association shall be required to adopt a decision within sixty days of this deadline for its transformation. Instead of transformation the business association may opt for dissolution without succession or for merger."

Except for the domestic franchise entities, all other domestic Group companies meet the statutory capitalisation requirements. With respect to the non-compliant franchise companies, on February 15, 2018, the Board of Directors decided to buy out all the minority shareholders and asked Group management to develop and implement the necessary equity rectification methods.

In accordance with Government Decree 261/2011. (XIII.7.) the professional conditions and licensing procedures of domestic and international goods transportation, such activities may only be carried out in Hungary with a licence for transporting goods by road, which is subject to the Group verifying its reputation, professional suitability and appropriate financial background.
The financial position is appropriate if the business entity has the necessary equity to start and pursue its activities without any problems:

i. equity (wealth) for a vehicle (trailer) or for the first vehicle (trailer) is at least EUR 9,000 and for every additional vehicle (trailer) at least EUR 5,000 and
ii. the Group constantly meets its tax, customs duty and contribution payment requirements as well as its payment requirements to the transport authority.

The Hungarian members of the Group engaged in road transportation activities have the required level of capitalisation.

35. FINANCIAL INSTRUMENTS

(a) Credit risk

Maximum exposure to credit risk of the Group is as follows:

	December 31, 2016	December 31, 2017
Other investments	931,022	130,447
Trade receivables	88,126,518	119,341,477
Other current assets and derivative financial instruments	18,675,697	15,590,925
Cash and cash equivalents	31,665,305	58,997,190
Other financial investments – debt instruments – long term	26,306,728	37,705,654
Maximum credit risk exposure	165,705,270	231,765,693

Geographical breakdown of maximum carrying value of the Group's credit risk exposure to customers:

	December 31, 2016	December 31, 2017
Domestic	38,627,352	49,742,503
EU countries	49,485,050	69,598,974
Non-EU countries	14,156	0
Maximum credit risk exposure	88,126,558	119,341,477

The maximum possible exposure to credit risk is the balance of trade receivables, which increased from 2014 to 2016 and from 2016 to 2017 as a result of an expanded fleet and acquisitions.

Impairment loss on trade receivables broken down by maturity:

	December 31, 2016		December 31, 2017	
	initial cost	impairment	initial cost	impairment
Not yet due	79,983,882	0	105,710,080	0
overdue by 0-90 days	7,652,531	6,585	12,063,861	5,503
overdue by 91-180 days	246,421	78,816	878,442	114,879
overdue by 181-360 days	284,695	179,996	577,968	108,095
overdue 360 days or more	1,857,011	1,632,625	2,683,426	2,343,824
Trade receivables	90,024,540	1,898,022	121,913,777	2,572,300

Based on historic loss figures, the Group does not consider it necessary to record impairment loss on trade receivables that are not overdue or overdue by no more than 90 days, unless the given receivable is already subject to collection or the client is under liquidation. The majority of trade receivables balance is from financially sound clients.

(b) Liquidity risk

Monetary liabilities broken down by maturity:

	December 31, 2016				
EUR	within 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Financial lease liabilities	31,227,490	34,644,610	52,644,966	108,621,453	977,770
Other long-term liabilities	0	0	0	0	0
Short-term loans	6,359,057	8,622,375	0	0	0
Trade payables	83,999,380	0	0	0	0
Other current liabilities and derivative financial instruments	12,802,827	0	0	0	0
Total	134,388,754	43,266,985	52,644,966	108,621,453	977,770

	December 31, 2017				
EUR	within 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Financial lease liabilities	40,774,940	40,653,926	91,871,107	112,343,857	2,541,665
Other long-term liabilities	0	0	6,448,045	0	0
Short-term loans	5,209,370	0	0	0	0
Trade payables	114,439,260	0	0	0	0
Other current liabilities and derivative financial instruments	19,165,853	0	0	0	0
Total	179,589,423	40,653,926	98,319,152	112,343,857	2,541,665

(c) Foreign exchange risk

Group exposures broken down by currency:

	December 31, 2016			
	EUR	HUF	other	total
Trade receivables	64,958,306	22,216,149	952,063	88,126,518
Loans and borrowing	(14,981,432)	0	0	(14,981,432)
Other long-term liabilities	0	0	0	0
Finance leases	(219,661,364)	(8,454,925)	0	(228,116,289)
Trade payables	(65,634,739)	(18,020,239	(344,402)	(83,999,380)
Other financial investments - debt instruments - long term	0	(26,306,728)	0	(26,306,728)
Net position	(235,319,229)	(30 565 743)	607,661	(265,277,311)

	December 31, 2017			
	EUR	HUF	other	total
Trade receivables	90,536,299	23,844,204	4,960,974	119 341,477
Loans and borrowing	(5,209,370)	0	0	(5,209,370)
Other long-term liabilities	6,448,045	0	0	6,448,045
Finance leases	(288,185,493)	0	0	(288,185,493)
Trade payables	(87,901,021)	(17,868,944)	(8,669,295)	(114,439,260)
Other financial investments - debt instruments - long term	0	(19,165,853)	0	(19,165,853)
Net position	(284,311,540)	- 13 190 593	(3,708,321)	(301,210,454)

The Group's receivables and liabilities were converted at the following year-end rates: 310.14 HUF/EUR, 4.65886 RON/EUR, and 4.17135 PLN/EUR. The business plan for 2017 was based on a projected rate of 310 HUF/EUR.

Remeasuring the open currency position as at December 31, 2017 in the event of a weakening in the exchange rate of 1 HUF/EUR would produce a foreign exchange loss of HUF 13.2 million. A reasonably probable foreign exchange fluctuation in the range of 0.85%-1.52% is estimated based on historic figures over a year.

The expected loss from the re-measurement of currency positions outlined above does not reflect the real foreign currency risk, since if the euro strengthens against the forint and the lei, the exchange gain on the Group's sales revenue in euros compensates for any exchange loss on the currency positions.

The Group enters into derivative contracts to mitigate the exchange rate risk. As at December 31, 2017, the positive fair value of derivative transactions based on remeasurements on the reporting date was EUR 1,763,853, the negative fair value difference was EUR 515,399. In 2016, the Group presented a total of EUR 3,140,287 net positive fair value difference and EUR 1,166,961 negative fair value difference in its consolidated financial statements.

(d) Fair value of financial instruments

The following table presents the fair values and carrying values of financial instruments for 2016 and 2017:

EUR	2016		2017	
	Fair value	**Book value**	**Fair value**	**Book value**
Non-current assets - debt instruments	26,306,728	26,306,728	37,705,654	37,705,654
Non-current assets - equity instruments	17,994,385	17,994,385	5,663,729	5,663,729
Other non-current financial assets	931,022	931,022	130,447	130,447
Trade receivables	88,126,518	88,126,518	119,341,477	119,341,477
Other current assets and derivative financial instruments	16,529,614	16,529,614	15,590,925	15,590,925
Cash and cash equivalents	31,665,305	31,665,305	58,997,190	58,997,190
Total financial assets	162,877,875	162,877,875	237,429,422	237,429,422
Long-term loans	0	0	0	0
Finance lease liabilities	228,116,289	228,116,289	288,185,490	288,185,490
Other long-term liabilities	0	0	6,448,045	6,448,045
Short-term loans	14,981,432	14,981,432	5,209,370	5,209,370
Trade payables	83,999,380	83,999,380	114,439,260	114,439,260
Other current liabilities and derivative financial instruments	12,207,264	12,207,264	18,268,369	18,268,369
Other insurance technical provision - short term	6,963,110	6,963,110	3,864,798	3,864,798
Total financial liabilities	346,267,475	346,267,475	436,415,336	436,415,336

The fair value of financial assets and liabilities is always the same as their value recognised in the statement of financial position.

The fair values of financial instruments were determined as follows:

- **Fair value of trade receivables:** discounted value of future cash flows of receivables based on the market interest rate on the reporting date. Due to the fact that the turnover of receivables is fast there is no effect of the discounting. As the debtor turnover is quick, discounting has no effect whatsoever.
- **Fair value of derivative transactions:** determined using a measurement technique based solely on market inputs.
- **Fair value of finance lease liabilities and loans:** present value of future cash flows calculated based on the market interest rate on reporting date. The market interest rate used to discount finance leases is determined with reference to similar finance lease agreements.
- **Fair value of trade payables:** future cash flows discounted to the reporting date. Due to the fact that the turnover of payables is fast there is no effect of the discounting.

(e) Interest rate risk

Fair value sensitivity review for fixed-income financial instruments
The Group generally does not have fixed-income financial assets and liabilities which are measured at fair value through profit or loss, nor did it conclude interest rate swaps for hedging purposes, and so changes in the interest rate would not affect the Group's profit or loss at the reporting date.

Cash flow sensitivity review for floating interest financial instruments
Based on the Group's analyses a 10 basis point change in the EURIBOR would change the interest on leasing liabilities by EUR 228,116 and the interest on loans by EUR 8,622. This change would not affect the Group's profit for the year. This analysis assumed that all other factors (such as currency exchange rates) remained unchanged.

36. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The details of provisions per category and any movements in provisions are presented in Note 16.

Litigations
The following table shows the provisions allocated for legal actions against the Group, broken down by years, and the litigated amount from the legal actions for which the Group did not allocate provisions (contingent liabilities) after deliberating on the information available. In these cases it is more likely the case will be won than lost, and so no cash outflow is expected.

	2016		2017	
	Litigated principal amount		**Litigated principal amount**	
	Provision presented	Contingent liability	Provision presented	Contingent liability
Total	1,123,086	1,169,552	1,079,464	1,012,978

A number of protracted significant legal cases ended in 2017 as a result of agreements with the injured persons. The related expenses are presented among other expenses and the related provisions were concurrently released.

The German Customs Authority launched an investigation for the purpose of the Minimum Wage Act (hereinafter MiLog Act) against a driver of one of the franchise companies. Considering that the investigation has not been closed, and there is no decision in the case, based on the available information that the Company complied with the MilLog regulation, noprovision was made in the consolidated financial statement.

On July 19, 2017 the Group has filed a lawsuit before the Munich District Court against certain truck producers (MAN, Volvo/Renault, Daimler (Mercedes), Iveco and DAF). Based on the decision made by the Commission certain truck manufacturers mentioned above had engaged in a cartel between January 17 , 1997, until January 18, 2011, (in case of MAN only until September 20, 2010) and as such infringed Article 101(1) TFEU by coordinating and exchanging information on gross prices, as well as the timing of the introduction of and the passing on to customers of the costs for emissions technology standards, and sharing of other commercially sensitive information concerning medium and heavy trucks in the EEA. The cartel overcharge is to be assessed and estimated by a competition economist, who has already been employed by the Group.

37. TRANSACTIONS WITH RELATED PARTIES

Members of the management
- Ferenc Lajkó, CEO
- Erdélyi Barna, General Deputy CEO
- Zsolt Barna, Managing Director of Waberer's-Szemerey Kft. and head of the regional contracted logistics business line;
- Bence Nyilasy, Chief Executive Officer of Wáberer Hungária Zrt.;
- Pawel Moder, CEO of Link Sp. z o.o.

Members of the Board of Directors:

Name	Status	Date of appointment
Stefan Delacher	independent non-operational (external) member	31. 05. 2011– for an indefinite period
Miklós Bethlen	non-independent (delegated by the main shareholder) non-operational (external) member	31. 05. 2011 - 21. 12. 2017
Csanád Dániel	non-independent non-operational (external) member	01. 08. 2013 - 31. 05. 2017
Gerard van Kesteren	independent non-operational (external) member	29. 07. 2016– for an indefinite period
Ferenc Lajkó	non-independent operational member	06. 03. 2017– for an indefinite period
Barna Erdélyi	non-independent operational member	06. 03. 2017– for an indefinite period
Dr Péter Lakatos	independent non-operational (external) member	06. 03. 2017– for an indefinite period
Robert Knorr	non-independent (delegated by the main shareholder) non-operational (external) member	21. 12. 2017– for an indefinite period

On December 31, 2017 the members of the Board of Directors held the number of shares indicated below:

Gerard van Kesteren	3,018 shares
Ferenc Lajkó	11,559 shares

Members of the Supervisory Board and their independence status and dates of appointment in 2017:

Name	Status	Date and duration of appointment
Peter Michael Vincent Grace	independent	15. 07. 2016– for an indefinite period
Gabriella Beregszászi	independent	15. 07. 2016–31. 05. 2017
Sándor Székely, employees' delegate	non independent	11. 05. 2017– for an indefinite period
Mária Kazuska Szalai, employees' delegate	non independent	31. 05. 2017– for an indefinite period
Philip Marshall	independent	from 31. 05. 2017– for an indefinite period
Gábor Béla Nagy	independent	31. 05. 2017– for an indefinite period
Dr Zoltán György Bodnár	independent	31. 05. 2017– for an indefinite period

Transactions with the management and those exercising ultimate control
During the previous year CEE Transport Holding BV gained control over Waberer's International Nyrt. and also direct control over its franchise. As a result the former CEO-Chairman, owner György Wáberer retired and Ferenc Lajkó was appointed as a new CEO-Chairman in May 2016. The former members of the management and their contracts were terminated during the current year, so transactions with the former management and the former exerciser of ultimate control were discontinued. In the second half of 2016, the Group's organisational structure was reshuffled and the key senior officers were appointed. There was no change in senior management in 2017.

Remuneration of senior management in key positions:

	2016	2017
Payroll	1,122,830	1,071,370
Benefits	610	0
Total	1,123,440	1,071,370

The members of the Board of Directors receive EUR 50,000, the members of Supervisory Board are paid EUR 10,000 and the members of the Audit Committee receive EUR 5,000 for their work.

Transactions with companies governed by the ultimate parent
In 2016 a management fee of EUR 1,650,000 was invoiced by the parent company, into the current year a management fee of EUR 825,000 was invoiced based on a contract. The contract was terminated by the Board of Directors after the beginning of trading on the Budapest Stock Exchange.
Transactions with related parties were always carried out under normal commercial conditions and at arm's length prices, taking into account volumes, complexity of service, standards and seasonality.

Transactions (purchases) with related parties outside of the Group:

	2016	2017
Bilk Logisztikai Zrt.	until May 31, 2016 2,624,455	
Wáberer Hungária Biztosító Zrt.	until the acquisition on March 31, 2016 6,166,817	
Lászlótanya Kft.	until May 31, 2016 39,388	
Közdűlő-Invest Kft.	until the acquisition on March 31, 2016 197,734	
Invitel Zrt.	33,462	
CEE Transport Holding B.V.	1,650,000	825,000
Total	10,711,856	825,000

BILK Logisztikai Zrt. and Lászlótanya Kft. were related parties until the former CEO-Chairman, owner György Wáberer sold his shares in Waberer's International Nyrt. Wáberer Hungária Biztosító Zrt. and Közdűlő-Invest Kft. were related parties until Waberer's International Nyrt. acquired and then consolidated them.

In 2016, all but one of the contracts with the external related parties that existed prior to the acquisition were terminated by the Group in 2016. Following discussions, the property rental contract with BILK Zrt. was extended with its parent company for a definite period.

In 2016, CEE Transport Holding B.V., the parent company, lent professional support to the Group's new governance function under a management contract until the public offering of Waberer's International Zrt.

38. SUBSEQUENT EVENTS

Except for the matter below, there had been no economic event or management decisions taken until the preparation of the financial statements as at December 31, 2017 which should have been presented as a subsequent event.

On February 21, 2018 the Board of Directors approved the changes to the franchise system submitted by the professional management about the buyout of the shares of the minority owners of the franchise subsidiaries. After the buyout the minority owners of the franchise companies will only fill director positions in the franchise companies.