WABERER'S INTERNATIONAL
NYILVÁNOSAN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG

2017 FINANCIAL STATEMENTS

IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

AS ADOPTED BY THE EU

CONTENT

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This is a translation of the Hungarian Report

Independent Auditors' Report

To the Shareholders of WABERER'S INTERNATIONAL Nyrt.

Report on the audit of the annual financial statements

Opinion

We have audited the accompanying 2017 annual financial statements of WABERER'S INTERNATIONAL Nyrt. ("the Company"), which comprise the statement of financial position as at 31 December 2017 - showing a balance sheet total of EUR 484,055,116 and a total comprehensive income for the year of EUR 817,687 loss-, the related statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion the annual financial statements give a true and fair view of the financial position of the Company as at 31 December 2017 and of its financial performance and its 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 materials respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Hungarian Accounting Law") relevant for annual financial statements prepared in accordance with EU IFRSs.

Basis for opinion

We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 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 annual financial statements" section of our report.

We are independent of the Company 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), and 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.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the 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 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 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 annual financial statements.

Recognition of revenue in the correct period

The Company's revenue amounted to EUR 496 million as of 31 December 2017. The Company focuses on revenue as a key performance measure which might create an incentive for revenue to be recognized 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, among others, 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 analyzed the Company's revenue through entire population 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 recognized 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 Company's business. We assessed the adequacy of the Company's disclosures in respect of revenue in accordance with the EU IFRSs.

The Company's disclosures about revenue are included in Note 3. I) and Note 21.

Valuation of Investments in Subsidiaries	
The Company's investment in subsidiaries represents EUR 56 million, 12% of total assets. Fair valuation of investments in subsidiaries is prepared by management annually for assessing potential impairment need. Valuation of investments in subsidiaries is a significant judgmental area and it is highly dependent on estimates, such as cash flow assumptions, weighted average cost of capital. This, in combination with the significant share of investments in subsidiaries as part of total assets and potential profit and loss effect made us conclude that valuation of investments in subsidiaries is a key audit matter.	Our audit procedures included, among others, evaluating assumptions and methodologies used by the Company. With involvement of our valuation experts we assessed the accuracy of key inputs used in the model, such as management's primary cash-flow assumptions, the used weighted average cost of capital. We reconciled the model to the approved business plan of the subsidiaries and also assessed historical accuracy of management's estimates. The Company's accounting policy and disclosures about its investments in subsidiaries are included in Note 9, which specifically explain the valuation method used when determining fair value and impairments of investments. We assessed the adequacy of the Company's disclosures about investments in subsidiaries to assess completeness of disclosure requirements in accordance with the EU IFRSs.

Other information

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

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

Our opinion on the 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 have been made available and whether the business report includes the non-financial statement as required by Section 95/C of the Hungarian Accounting Law.

In our opinion, the business report of the Company, 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 annual financial statements of the Company and the relevant requirements of the Hungarian Accounting Law.

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

We also confirm that the Company 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 business report includes the non-financial statement as required by Section 95/C of the Hungarian Accounting Law.

Further to the above, based on the knowledge we have obtained about the Company and its environment in the course of the audit we are required to report whether we have identified any material misstatement in the business report, 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 annual financial statements

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

In preparing the annual financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the 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 annual financial statements.

As part of an audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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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 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 of the Company by the General Assembly of Shareholders of the Company on 11 May 2017. 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 Lelkes Tamás.

Budapest, 19 March 2018
(The original Hungarian language version has been signed.)

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

Bartha Zsuzsanna
Registered auditor
Chamber membership No.: 005268

1	0	3	8	7	1	2	8	5	2	2	9	1	1	4	0	1

Statistical code

0	1	-	1	0	-	0	4	1	3	7	5

Registration number

WABERER'S International NyRt.

2017

FINANCIAL STATEMENTS IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) AS ADOPTED BY THE EU

Date: Budapest, 19 March 2018

Manager of Company
(representative)

WABERER'S International NyRt.
STATEMENT OF FINANCIAL POSITION

data in EUR

Description	Note	31 December 2015	31 December 2016	31 December 2017
NON-CURRENT ASSETS				
Property	8	12 900 419	12 302 248	11 526 656
Fixed assets not yet capitalized	8	701 107	1 703 971	3 254 729
Vehicles	8	72 923 103	57 021 668	67 909 918
Other equipment	8	1 936 709	1 437 770	3 886 400
Total property, plant and equipment		**88 461 338**	**72 465 656**	**86 577 703**
Intangible assets	7	1 465 628	1 913 466	4 603 188
Investment in realted companies	9	12 793 486	25 937 315	56 285 742
Other non-current financial assets	10	808 316	924 234	110 544
Deferred tax asset	27	0	203 510	1 635 505
TOTAL NON-CURRENT ASSETS		**103 528 768**	**101 444 181**	**149 212 681**
CURRENT ASSETS				
Inventories	11	1 106 672	836 961	736 727
Current income taxes	27	128 829	1 634 554	688 329
Trade receivables	10-11	62 005 060	61 744 950	58 754 208
Receivables from related companies		168 254 803	164 078 462	231 440 112
Other current assets and derivatives	12	27 107 799	18 482 848	13 988 151
Cash and cash equivalents	14	6 957 460	16 604 064	29 234 908
Assets classified as held for sale	13	29 013	42 986	0
TOTAL CURRENT ASSETS		**265 589 635**	**263 424 825**	**334 842 435**
TOTAL ASSETS		**369 118 403**	**364 869 006**	**484 055 116**
SHAREHOLDERS' EQUITY	***15***			
Share capital		5 128 910	5 092 696	6 179 206
Reserves and retained earnings		75 262 653	65 239 719	109 757 264
TOTAL SHAREHOLDERS' EQUITY		**80 391 563**	**70 332 415**	**115 936 470**
LIABILITIES				
LONG-TERM LIABILITIES				
Long-term portion of leasing liabilities	16	136 872 005	138 981 882	152 322 134
Deferred tax liability	27	1 737 441	0	0
Provisions	17	299 015	717 916	2 523 148
Other long-term liabilities	18	5 450 130	0	4 744 530
TOTAL LONG-TERM LIABILITIES		**144 358 590**	**139 699 798**	**159 589 812**
CURRENT LIABILITIES				
Short-term loans and borrowings	29	0	5 401 914	0
Short-term portion of leasing liabilities	16	76 188 518	67 789 866	61 161 499
Trade payables	29	30 417 136	39 295 008	35 664 662
Liabilities from related companies		31 585 580	38 065 675	109 171 179
Current income taxes	27	199 468	0	0
Provisions	17	2 685 264	1 474 414	138 675
Other current liabilities and derivatives	19	3 292 284	2 809 915	2 392 818
TOTAL CURRENT LIABILITIES		**144 368 250**	**154 836 793**	**208 528 834**
TOTAL LIABILITIES		**288 726 841**	**294 536 591**	**368 118 646**
TOTAL EQUITY AND LIABILITIES		**369 118 403**	**364 869 006**	**484 055 116**

Date: Budapest, 19 March 2018

Waberer's International Nyrt.
STATEMENT OF COMPREHENSIVE INCOME

data in EUR-ban

Description	Note	2 016	2 017
Continuing activities			
Revenue		497 767 009	496 388 223
Cost of Trucking Subcontractors		- 380 714 428	- 382 552 173
Cost of goods sold		- 30 577 270	- 24 890 949
Direct wages, benefits & allowances		- 5 124 084	- 4 940 676
Fuel cost		- 3 793 780	- 3 603 064
Toll Fees & Transit Costs		- 20 119 362	- 24 743 311
Repair & maintenance		- 11 898 420	- 12 104 931
Insurance costs		- 5 724 440	- 1 837 503
Direct Rent		- 974 209	- 927 400
Other contracts		- 1 393 170	- 1 107 716
Vehicle weight tax and other transport related taxes		- 392 484	- 302 550
Total direct costs		**- 460 711 647**	**- 457 010 274**
Net gain on fleet sales		**1 919 578**	**3 470 675**
Gross Profit		**38 974 939**	**42 848 625**
Indirect Wages & Benefits		- 16 828 916	- 14 228 687
Other services		- 10 996 808	- 9 204 562
Selling, General and Administrative costs		**- 27 825 724**	**- 23 433 249**
Other operating income		**3 921 141**	**4 932 010**
Other operating expense		**- 6 588 500**	**- 4 028 314**
Profit before interest, tax, depreciation and amortization(EBITDA)		**8 481 856**	**20 319 072**
Depreciation		- 19 683 504	- 17 103 705
Profit before interest (EBIT)		**- 11 201 648**	**3 215 367**
Interest		4 248 727	- 3 745 552
Profit(loss) before income tax		**- 6 952 921**	**- 530 185**
Income Tax		**- 3 625 280**	**- 287 502**
Profit after Tax		**- 10 578 201**	**- 817 687**
DISCOUNTINUED OPERATION Profit/loss from discountinued operation (decreased with deferred tax)			
CURRENT YEAR PROFIT/LOSS		**- 10 578 201**	**- 817 687**
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE INCOME		**- 10 578 201**	**- 817 687**

Date: Budapest, 19 March 2018

WABERER'S International NyRt.

STATEMENT OF CASH FLOWS

data in EUR

Description	Note	2016	2017
Profit/loss before tax		**-6 952 921**	**-530 185**
Non-realised exchange loss/gain on FX assets and liabilities (-)	29	-68 155	-188 574
Booked depreciation and amortisation	5	19 683 504	17 103 705
Impairment	11	-649 876	5 518 487
Interest expense	25	3 674 767	3 826 596
Interest income		-299 179	-245 162
Difference between provisions allocated and used	17	-791 949	469 492
Result from sale of tangible assets	24	-1 919 578	-3 470 675
Net cash flows from operations before changes in working capital		***12 676 613***	***22 483 684***
Changes in inventories	9	104 129	207 757
Changes in trade receivables	10	1 038 089	3 114 642
Changes in receivables from related parties		25 843 122	-45 593 454
Changes in other current assets and derivative financial instruments	12	7 313 819	3 518 925
Changes in trade payables	29	8 880 163	-3 615 109
Changes in liabilities from realted parties		6 480 095	71 105 504
Changes in other current liabilities and derivative financial instruments	19	-5 449 778	-2 106 628
Income tax paid	27	-3 388 921	-790 742
I. Net cash flows from operations		***53 497 330***	***48 324 579***
Tangible asset additions	5	-2 574 819	-4 145 409
Income from sale of tangible assets	13	13 398 392	22 886 687
Changes in other non-current financial assets	8	-115 918	813 690
Changes in Financial investments		0	-35 237 642
Interest income		299 179	245 162
II. Net cash flows from investing activities		***11 006 834***	***-15 437 511***
Lease payment	16	-41 898 798	-47 535 471
Lease payment related to sold assets		-9 852 646	-18 972 250
Interest paid	25	-3 674 767	-3 826 596
Dividend paid		0	0
Acquisition of treasury shares		-694 720	-2 593 425
Received dividend from related companies		1 263 371	2 452 538
Capital increase		0	50 218 980
Acquisition of related company		0	0
III. Net cash flows from financing activities		***-54 857 560***	***-20 256 224***
IV. Changes in cash and cash equivalents		***9 646 604***	***12 630 844***
Cash and cash equivalents as at the beginning of the year	29	6 957 460	16 604 064
Cash and cash equivalents as at the end of the year	29	16 604 064	29 234 908

Date: Budapest, 19 March 2018

WABERER'S International NyRt.
STATEMENT OF CHANGES IN EQUITY

data in EUR

	Note	Share capital	Reserves and retained earnings	Total shareholders' equity
Opening value as at 1 January 2015		**5 128 910**	**69 864 461**	**74 993 371**
Other comprehensive income		-	-	-
Profit/Loss for the year		-	3 388 698	3 388 698
Total comprehensive income		-	3 388 698	3 388 698
Received dividend from related parties			2 009 494	
Closing value as at 31 December 2015		**5 128 910**	**75 262 653**	**80 391 563**
Other comprehensive income		-	-	-
Profit/Loss for the year		-	(10 578 201)	(10 578 201)
Total comprehensive income		-	(10 578 201)	(10 578 201)
Received dividend from related parties			1 263 370	1 263 370
Acquisition of treasury shares		(36 214)	(658 506)	(694 720)
Other movements		-	(49 597)	(49 597)
Closing value as at 31 December 2016		**5 092 696**	**65 239 719**	**70 332 415**
Other comprehensive income		-	-	-
Profit/Loss for the year		-	(817 687)	(817 687)
Total comprehensive income		-	(817 687)	(817 687)
Capital increase with new shares issued		1 063 897	49 155 083	50 218 980
Direct cost realted to capital increase			(3 355 071)	(3 355 071)
Transfer of treasury shares to ESOP organisation		22 613	(2 749 900)	(2 727 287)
Received dividend from related parties			2 452 538	2 452 538
Other movements			(167 418)	(167 418)
Closing value as at 31 December 2017		**6 179 206**	**109 757 264**	**115 936 470**

Date: Budapest, 19 March 2018

1. Reporting entity

Waberer's International Nyrt. (hereafter: "Company") is an enterprise based in Hungary. Registered office: 1239 Budapest Nagykőrösi út 351. The Company's core activity is transportation, forwarding and logistics services.

2. Basis of preparation

(a) Statement of compliance

The Company's 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 financial statements were approved by the Board of Directors on 19 March 2018.

(b) Basis of measurement

With the exception of certain financial instruments, which were measured at fair value, the financial statements were prepared on a historic cost basis.

The methods used for fair value measurement are detailed in Note 34.

(c) Functional and presentation currency

On 31 December 2012, management decided to change the Company's presentation currency. The Company'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 Company's business is done within the European Union. The Company is financed in EUR and, owing to the special and EU-wide nature of the Company's business, the CDS rates for Hungary are barely considered by the Company's funders and creditors when establishing their interest premiums. Accordingly, the financial statements are prepared in EUR which has been the Company's presentation currency since 1 January 2013.

(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:

- provisions and contingent items (see Notes 20 and 37)
- measurement of financial instruments (Note 36. d)
- classification of leases (Note 3. g)
- recording of gain on fleet sales (Note 3. h).

Significant accounting policies

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

(a) 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 Company'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 Company 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 company'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.

(b) 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 1 January 2007, when the Company adopted IFRS reporting, based on their fair values as of 1 January 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 Company 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 Company 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 Company'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.

(c) Intangible assets

(i) Goodwill

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

Cost of goodwill

On 1 January 2007 the Company decided to apply IFRS 3 *Business Combinations* retrospectively for business combinations occurring on or after 1 January 2006. The carrying value on 1 January 2006 of the goodwill from business combinations pre-dating 1 January 2006 is the carrying value as at 1 January 2006 determined on the basis of Hungarian accounting standards. For subsequent business combinations the Company 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 Company 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, with the exception of 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

(d) 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 Company does not own any investment properties.

(e) Leased assets
Leases in terms of which the Company 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 Company's statement of financial position.

(f) 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 recognized in other income or other expense.

(g) 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.

(h) 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 Companys 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 Company'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 Company 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 Company 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 Companyed together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Companys 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 (Company 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.

(i) Non-current assets held for sale

Non-current assets (or disposal Companys 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 Company) are re-measured in accordance with the Company's accounting policies. Thereafter, the assets (or disposal Company) are measured at the lower of the carrying value and the fair value less cost to sell.
Impairment losses related to a disposal Company 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 Company'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 Company 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.

(j) 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 expense when incurred.

(ii) Termination benefits

Termination benefits are recognised as expense when the Company 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 expense if the Company 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 Company 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.

(k) Provisions

A provision is recognised if, as a result of a past event, the Company 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 the 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.

(l) 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 Company 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 Company did not realise such revenue.

(m) 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.

(n) 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 Company'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.

(p) 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) 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 Company believes that the adoption of the following standards will not have significant impact on its results and financial position:

IFRS 9 Financial Instruments: Classification and Measurement
The standard is effective for annual periods beginning on or after 1 January 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. Management 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 1 January 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 contract asset and liability account balances between periods and key judgments and estimates. Management has assessed the reuirements 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 1 January 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. Management has assessed the reuirements of the standard and decided not to early adopt it.

IFRS 16: Leases
The standard is effective for annual periods beginning on or after 1 January 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 recognize most leases on their financial statements.

Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. Management has assessed the reuirements 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 1 January 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. Management has assessed the reuirements of the standard and decided not to early adopt it.

Amendment in IFRS 10 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 in 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 recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized 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. Management has assessed the requirements of the standard and evaluated that it will not have any impact on the Company.

IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)

The Amendments are effective for annual periods beginning on or after 1 January 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. Management has assessed the requirements of the standard and evaluated that it will not have any impact on the Company.

IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)

The Amendments are effective for annual periods beginning on or after 1 January 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. Management has assessed the reuirements 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 1 January 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. Management has assessed the requirements of the standard and evaluated that it will not have any impact on the Company.

IFRS 9: Prepayment features with negative compensation (Amendment)
The Amendment is effective for annual reporting periods beginning on or after 1 January 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. Management has assessed the requirements of the standard and evaluated that it will not have any impact on the Company.

IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)
The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment requirements, 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. Management has assessed the reuirements 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 1 January 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 recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes 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. Management has assessed the requirements of the standard and evaluated that it will not have any impact on the Company.

The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 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. Management has assessed the requirements of the standard and evaluated that it will not have any impact on the Company.

- ***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, 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 venture

capital organization, 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 1 January 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. Management has assessed the requirements of the standard and evaluated that it will not have any impact on the Company.

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

- ***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 recognized according to where the past transactions or events that generated distributable profits has been recognized.
- ***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 31 December 2016. On 6 July 2017, upon the first floatation of the Company's shares, new shares were issued and the Company'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.

Earnings per share	**2016**	**2017**
Net profit after tax EUR	(10,578,201)	(817,687)
Weighted average of ordinary shares	14,469,149	16,023,885
Earnings per share EUR	(0.73)	(0.05)
Diluted earnings per share EUR	(0.73)	(0.05)

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

5. IFRS First time adoption

The Company applied IFRS as a basis accounting as of 01.01.2017. Adoption of the IFRS was reported to National Tax Authority and the Company submitted the audited opening IFRS statement of financial position as of 01.01.2016 in line with the Hungarian Accounting Law.

Differences between IFRS and Hungarian Accounting Law as of 01.01.2016.

Description	Total
Profit after Tax in Line with Hungarian Accounting Law	**(7,241,009)**
Total IFRS Adjustments	**(3,337,192)**
Deferred tax expense	(1,940,951)
Provision for unused vacation	(148,107)
Fair value adjustments of derivative instruments	978,409
Provision for Employee Share Scheme	(476,810)
Shell rebate	(981,327)
Dividend from Waberer's Slovakia	(132,624)
Amortization of Software	(106,409)
Depreciation of properties	(447,091)
Waberer's Polska impairment derecognition	(100,000)
Other adjustments	17,718
Expected IFRS profit after tax	**(10,578,201)**
Total comprehensive income	**(10,578,201)**

The table below represents the changes in equity due to the adoption

Equity components Hungarian Accounting Law		**Issued capital**	**Capital reserve**	**Retained earnings**	**Allocated reserves**	**Valuation reserve**	**Profit after tax**	**Share capital**
31.12.2016		**5,128,910**	**22,637,636**	**53,618,997**	**694,720**	**2,708,602**	**(7,241,009)**	**77,547,856**
Adjustments	Result of IFRS adjustments 2016						(3,337,192)	**(3,337,192)**
	Book value adjustments on property			98,229		(2,708,602)		**(2,610,373)**
	Book value adjustments on softwares			(70,439)				**(70,)439**
	Repurchased ordinary shares	(36,214)			(694,720)			**(730,934)**
	Deffered tax adjustment as of 01.01.2016			(1,737,441)				**(1,737,441)**
	Hedge rate adjustment			1,375,887				**1,375,887**
	Waberer's Polska impairment derecognition			468,421				**468,421**
	Valuation of share in Waberer's Romania			(573,370)				**(573,370)**
IFRS opening equity components		**Issued capital**	**Reserves**					
01.01.2017		**5,092,696**	**65,239,719**					**70,332,415**

6. Adjustments

In Q2 2017, the Company's management revised the deferred taxation process and identified a permanent difference dating back to the consolidation of FY 2007 in relation to the Company's transition to IFRS between the tax balance sheet and IFRS. Since 2007, a deferred tax asset has been recognised against opening reserves but it has no tax effect during the life of the asset. The Company adjusted this item in the financial statements in the year of incurrence in both reserves and deferred tax assets. As a result of the adjustment, equity, more precisely reserves, increased by EUR 1,265,248 while deferred taxes were reduced to the same extent. The adjustment had no impact on the statement of other comprehensive income or on EPS.

The Company's management used the option provided by the Hungarian accounting law and resolved to adopt IFRS for statutory financial reporting purposes for its stand-alone financial statements as of 1 January 2017. As of the same date, the Company also switched from Oracle to SAP S4HANA, a system that is able to manage all the Group's stand-alone and group reporting needs. As part of the pre-switchover data migration process, the Company did thorough data cleansing, whereby discontinued all prior off-system records and migrated such records into the closed system of SAP. As part of the migration process, errors were identified in the tentative initial depreciation of both properties and intangible assets as identified during the IFRS adoption process in 2007. These items were adjusted by the Company in the financial statements for both properties and intangible assets. The resulting impact is detailed below. The adjustment had no impact on the statement of other comprehensive income or on EPS.

The table below represents corrections to the opening statement of the financial position. The Company cannot represents goodwill in the standalone financial statements according to IFRS 3. The Company reviewed the lease contracts with its subsidiaries and identified the contracts meet the criteria of financial lease in case of trucks. As a result of the review the Company derecognized the vechicles and recignised intercompany receivables. In line with IAS 12 the Company corrected the related defferred tax as well.

Impact on equity

	01.01.2016	31.12.2016	31.12.2017
Goodwill	(24,258,569)		
Vehicles	(140,946,222)		
Properties	(1,237,220)	(1,237,220)	(1,237,220)
Intangable assets	754,320	754,320	754,320
Receivables from related parties	140,946,222		
Assets	**(24,741,469)**	**(491,900)**	**(491,900)**
Deferred tax liability	(3,328,222)	(1,265,248)	(1,265,248)
Liabilities	**(3,328,222)**	**(1,265,248)**	**(1,265,248)**
Impact on equity	(21,413,247)	(773,348)	(773,348)

7. Intangable assets

Opening at 1 January 2016	**Intangable assets**
Gross value	11,145,097
Cumulative amortisation and impairment	(9,679,469)
Net value	**1,465,628**
Changes in 2016	
Additions and capitalisations	1,299,453
Amortisation	(851,613)
Net closing value	**1,913,466**
Closing at 31 December 2016	
Gross value	11,952,705
Cumulative amortisation and impairment	(10,039,239)
Net value	**1,913,466**
Changes in 2017	
Additions and capitalisations	4,135,046
Amortisation	(1,445,324)
Disposals	-
Net closing value	**4,603,188**
Closing at 31 December 2017	
Gross value	16,087,751
Cumulative amortisation and impairment	(11,484,563)
Net Value	**4,603,188**

(a) Intangible assets with indefinite useful lives

The Comapny has no assets with indefinite useful life

8. Tangible assets

	Properties	Fixed assets not yet capitalized	Vehicles	Other equipment	Total
Opening at 1 January 2016					
Gross value	19,156,825	701,107	100,881,666	8,882,767	129,622,366
Cumulative depreciation and impairment loss	(6,256,406)	-	(27,958,563)	(6,946,058)	(41,161,028)
Net value	**12,900,419**	**701,107**	**72,923,103**	**1,936,709**	**88,461,338**
Changes in 2016					
Additions and capitalisations	693,480	2,211,651	11,932,551	515,307	15,352,989
Depreciation, impairment	(1,209,963)	-	(17,351,415)	(824,012)	(19,385,391)
Derecognition	(81,688)	-	(10,482,571)	(190,234)	(10,754,494)
Capitalisation	-	(1,208,787)	-	-	(1,208,787)
Closing net value	**12,302,248**	**1,703,971**	**57,021,668**	**1,437,770**	**72,465,656**
Closing at 31 December 2016					
Gross value	18,577,949	1,703,971	84,124,443	6 252 622	110 658 985
Cumulative depreciation and impairment loss	(6,275,702)	-	(27,102,775)	(4,814,852)	(38,193,329)
Net value	**12,302,248**	**1,703,971**	**57,021,668**	**1,437,770**	**72,465,656**
Changes in 2017					
Additions and capitalisations	424,007	5,696,167	29,252,532	3 721 402	39 094 108
Depreciation, impairment	(1,199,599)	-	(13,079,148)	(1,272,771)	(15,551,519)
Derecognition	-	-	(5,285,134)	-	(5,285,134)
Capitalisation	-	(4,145,409)	-	-	(4,145,409)
Closing net value	**11,526,656**	**3,254,729**	**67,909,918**	**3,886,400**	**86,577,703**
Closing at 31 December 2017					
Gross value	19,001,957	3,254,729	100,033,393	9,920,896	132,210,975
Cumulative depreciation and impairment loss	(7,475,301)	-	(32,123,475)	(6,034,496)	(45,633,272)
Net value	**11,526,656**	**3,254,729**	**67,909,918**	**3,886,400**	**86,577,703**

(a) Properties

The following table includes the Groups' most significant properties as at 31 December 2017.

Property location	Country	Usage	Net value
Budapest, Nagykőrösi út 349-351	Magyarország	Head Office	7,451,216
Balatonvilágos Hotel	Magyarország	Hotel	2,474,254
Mosonmagyaróvár	Magyarország	Business site – workshop	1,260,748
Pécs	Magyarország	Logistics Warehouse	312,123

(a) Movements in tangible assets

Properties increased by 424 thousand euro mainly due to office building works at the Company's site in Nagykőrösi út, Budapest.

(b) Mortgaged assets

The Company has no mortgage assets

(c) Leased assets

Tangible assets contain assets acquired by the Group as a result of financial leases. Among the leased assets the trucks are leased to the Company's subsidiaries with unchanged conditions which causes an intercompany receivable equal to the leasing liability. The Company operated 103 and 106 trucks in 2016 and 2017.

(d) 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.

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%
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's management decided to open trade agencies across Europe, with the first in Paris, the second in Warsaw and the third in London successfully started their activity. Further trading agencies were opened in 2016 in Amsterdam and in Milan. In Q1 2017, the Company's management discontinued the operations of the trading offices abroad but the legal entity has been maintained.

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

In August, 2016 the Company established WB Station at Services in Belgium. The main activities are covers the repairs of the international fleet, and to ensure 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 our transportation services.

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

Share in subsidiaries are subjected to impairement test if any triggering event is identified. If a triggering event is identified the recovarable amount and the net value is compared and if the recovarable amount is significantly lower than the net value impairment should be recognised. If the recovarable amount is significantly higher thank the net value the previous impairment should be derecognized.

The recovarable amount is the calculated based on the discounted cash flow attributable to equity holder of the parent. The basis of the cash flow calculation is the strategic plan approved by the management.

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 in 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 use the following discount rates: 2.5%.
3. The management expects increasing revenue. In case of Szemerey and Hungarocamion goodwill the expected growth rate is 7%, in case of LINK Sp. Z o.o. the expected growth rate is 8%.

Based on the estimation and calculation the Company recognized EUR 5 953 932 impairment on Waberer's Romania.

10. Other non-current financial assets

	31 December 2016	31 December 2017
Loan to franchise owners	661,204	492,332
Hungaroring Zrt. interest	139,380	-
Other	123,650	(361,885)
Total	**931,022**	**130,447**

In 2017, the Company 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 the information of the market value of the other non-current assets refer to section 34.

11. Inventories

Inventories	31 December 2016	31 December 2017
Fuel	274,323	330,398
Spare parts, tyres, lubricants, other materials	511,742	350,712
Other materials	50,895	55,617
Total:	**836,961**	**736,727**

Fuel inventories as at the reporting date show the fuel in the 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 the data in the route registration system.

12. Receivables

	31 December 2016	31 December 2017
Trade receivables	62,723,012	59,630,081
Impairment loss on doubtful receivables	(978,062)	(875,873)
Total	**61,744,950**	**58,754,208**

The trade receivables decreased significantly compared to 2016 because the debtors rotation rate has decreased from 54,4 days to 53,1.

As a result of the Group's rigorous credit rating and collection processes, the impairment loss on doubtful debts decreased.

Impaired receivables decreased by EUR 103 thousand which is 0,021% of 2017 Revenue.

13. Impairment

	Vevő értékvesztés	Készlet értékvesztés	Egyéb értékvesztés
1 January 2016	**(1,744,141)**	**(51,751)**	**(1,535,342)**
Increase	(21,198)	(217,334)	
Decrease	787,277	51,751	49,380
31 December 2016	**(978,062)**	**(217,334)**	**(1,485,963)**
Increase	(258,665)		
Decrease	360,854	107,523	225,733
31 December 2017.	**(875,873)**	**(109,811)**	**(1,260,230)**

The impairment related to the trade receivables decreased due to the reasons mentioned above.

The management of the Company has reviewed the repair workshop's inventory. Spare parts purchased in th epast 2 years are party usuable so the Company counted EUR 217 thousand impairment on spare parts. During the year the Company examined the sale options of previously impaired stock. As a result 50% of the impaired assets were sold. In line with the sold spare parts EUR 107 thousand impairment was derecognized.

The other impairment is counted for other current assets primarily receivables from former employees, insurance claims and given loans. The other impairment decreased significantly due to the lower fluctuation rate of drivers and more efficient debt management procedures.

14. Other current assets and derivative financial instruments

	31 December 2016	31 December 2017
Foreign VAT and excise tax	2,029,236	1,912,039
Tax receivables	3,150,729	3,443,161
Loans granted	1,442,407	1,442,407
Receivables from employees	393,260	434,430
Advances receivable	(156,263)	(164,486)
Accruals	6,310,028	5,302,741
Other	2,173,164	(138,824)
Derivative transactions	3,140,287	1,756,682
Total	**18,482,848**	**13,988,150**

Most other current assets include MWST 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.

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

Among accruals the Company represents contracted discounts from the fuel, motorway and ferry providers,

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.

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As at 31 December 2016, the Company 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 31 December 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.

15. 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 29,234,908 at 31 December 2017. The EUR 12.6 million increase in cash-flow was a result of multiple offsetting events: the Company's positive cash generating ability and the cash received during the IPO process (EUR 46.8million) and the aqusition of Link (EUR 32.9 million) and the latter capital injection caused (EUR 3 million).

16. Equity

The share capital of Waberer's International Nyrt. at 31 December 2017 comprised 17,693,734 dematerialized shares each with a face value of EUR 0,35. The Company had 38,860 redeemed treasury shares at the end of 2017.

On 29 June 2017, the Company's Board of Directors decided to increase the Company'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 Company was transformed into a public limited company by shares (Nyrt.). The subscription period closed on 29 June 2017 and the shares involved in the capital increase were printed on 5 July 2017, then trading with the Company's shares started on the Budapest Stock Exchange in the premium category on 6 July 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 20 June 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 1 July 2017 and has included these entities in the consolidation as of that date. The Company's management 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 the 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, conditions and method of exercising of the voting rights at the General Meeting are set in the Articles of Association 5.6. paragraph. 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 Company, entered into between the Company and KELER in respect of the keeping of the register of shareholdersNo 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 from the Company'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 Company. 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 Company shall pay dividend 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 utilization 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 from 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 Company 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 that the Company's adjusted equity capital falls 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 Company.

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 in respect of the Company, as well as access to the documents and records concerning the Company, 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 Company, 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 Company 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 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 participate in, 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 performed their capital contribution. Shareholders may also exercise their shareholder rights through authorized 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 authorization 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 authorization 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 exceeding twelve 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 than applicable General Business Conditions. In order to be registered in the Register of Shareholders of the General Meeting the Company will request an owner identification of the ordinary shares without blocking from, with respect to shares issued by the Company. 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 Company shall not be responsible for the consequences of any failure on behalf of securities account manager. Each share having 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 the Shareholders representing more than 50% of the registered capital of the Company 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. Non-controlling interests' 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 Company.

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 management 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 Company 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 Company 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 Company within thirty 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 Company 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 Company controlling at least 1% of voting rights and any creditor of the Company 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.

17. Leasing liabilities

The Company 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 Company 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
31 December 2016						
Finance lease liabilities, capital	28,142,086	39,647,780	45,295,814	93,686,068	-	206,771,748
Finance lease liabilities, interest	1,490,068	1,156,061	1,671,142	1,409,837	-	5,727,107
Total	**29,632,153**	**40,803,841**	**46,966,956**	**95,095,905**	**-**	**212,498,856**
31 December 2017						
Finance lease liabilities, capital	27,019,351	34,142,147	63,908,143	88,413,991	-	213,483,632
Finance lease liabilities, interest	1,459,991	1,214,337	1,608,158	1,766,637	-	6,049,123
Total	**28,479,342**	**35,356,484**	**65,516,301**	**90,180,628**		**219,532,756**

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 31 December and the increased interest premiums.

18. Provisions

	Litigation	Other	Bonus	Total
Opening at 1 January 2016	**299,015**	**-**	**2,685,264**	**2,984,278**
Allocation and review of previous estimates	24,674	148,107	1,803,117	**1,975,898**
Release	(15,021)	-	-	**(15,021)**
Use	(67,562)	-	(2,685,264)	**(2,752,826)**
Closing at 31 December 2016	**241,106**	**148,107**	**1,803,117**	**2,192,330**
Allocation and review of previous estimates	202,057	95,030	1,951,308	2,248,395
Release	(172,660)	-	(597,404)	(770,064)
Use	(131,828)	(148,107)	(728,904)	(1,008,839)
Closing at 31 December 2017	**138,675**	**95,030**	**2,428,118**	**2,661,823**
Short-term portion 2016	-	148,107	1,326,307	**1,474,414**
Long-term portion 2016	241,106	-	476,810	**717,916**
Short-term portion 2017	-	95,030	2,428,118	**2,523,148**
Long-term portion 2017	138,675	-	-	**138,675**

At 31 December 2017, the Group made a provision of EUR 241,106 on the contingent liabilities from ongoing litigations. In most of these cases, the insurance company paid damages to the customers based on a CMR policy. As a result, provisions of EUR 173,000 were released and EUR 132,000 was used from the provision made for uninsured claims. The Group reviewed the progress of its legal cases on a quarterly basis and a total provision of EUR 202,057 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 view of the Company's performance in 2016, management approved an employee bonus payment totalling EUR 1,326,308. The bonus will be paid in the first half of 2017. In 2017, the Group made a provision of EUR 736,671 for employee bonuses plus related taxes.

The owners of the Group started an MRP organization 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.
"MRP" 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 MRP Organization is an independent legal entity duly registered by the Company Registry, it does not qualify a business entity or company 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 MRP Organization is out of the scope of IFRS 10 but in scope of IAS 19 as it is an other long-term employee benefit plan. Based on the definition in IAS 19, any reward extended by the MRP Organization qualifies as other long-term employee benefit. All employee benefit in the MRP organization other than a short-term employee benefit, a post-employment benefit or a termination benefit. The managers and top management of the Company are involved in the MRP.
The management of the Company reviewed the aims of the MRP organization and based on this assessment made provisions were made in 2016 of EUR 476,810 and further EUR 691,447 in 2017 for covering future benefits.

The Group made provisions in the amount of EUR 148,107for untaken employee holidays. Vacations for 2016 were taken in 2017. According to payroll records at 31 December 2017, leave benefits plus related taxes totalled EUR 95,030 for which the Group has made a provision.

19. Other long-term liabilities

	31 December 2016	31 December 2017
Loans from non-related companies	0	4,744,530
Total	**0**	**4,744,530**

On 30 June 2009, the Company received a loan of EUR 4 million with a term of 4 years from one of their main suppliers. In the hope of a fruitful co-operation, on 30 June 2012, the loan was prolonged until 30 June 2016 and then for another year. The contract of Company management were prolonged for another three years.

As a result of the above, liabilities related to the contracts expired in 2017 (EUR 5,401,914) 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.

20. Other current liabilities and derivative financial instruments

	31 December 2016	31 December 2017
Payments to personnel	1,496,515	1,639,748
Taxes	48,947	55,004
Accruals	91,888	165,306
Other liabilities	5,603	11,190
Derivative contracts	1,166,961	522,570
Összesen	**2,809,915**	**2,393,818**

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

Liabilities from derivative contracts include revaluation losses.

21. Sales revenue, consignment services, cost of goods sold

	2016	2017
Own fleet transportation revenues	13,128,389	11,846,508
Subcontractor revenues	396,967,961	401,210,148
Other revenues	87,670,658	83,331,577
Total sales revenue	**497,767,009**	**496,388,233**

The Company has outsorced significant part of the own fleet transportation activities to the franchise companies betwwen 2011 and 2016. In 2016, the Company has 106 trucks, and in 2017 has 103 trucks, which means 2.8% decrease in the number of own trucks.

The number of kilometers driven per truck increased by 1,4% compared to prior year in relation to the own fleet, whilst the transporatation revenue per kilometers decreased by 10,8 % in the current year due to the general transportation fee decrease in the international market. The main reason is the decrease of fuel price, which has the most significant effect on the pricing.

The Company's most significant revenue stream is, the revenue from transportation with third party/franchise company's vehicles. The subcontractor revenues has increased by 1.1% compare to prior year. The margin of subcontractor revenue has increased from 4.09 % to 4.61%, the nominal margin has increased by EUR 2.2 million to EUR 18.5 million.

The other revenues contains the fuel sold, repairing activities, administration and IT services to franchise companies, accounting for 92-94% of total other revenue

Megnevezés	2016	2017
Vehicles rental revenue	41,199,185	42,230,467
Revenue of fuel sold	19,660,005	20,962,867
Repairing services revenie	6,909,977	6,530,545
Revenue of sold goods	10,627,772	2,770,096
Financial services	2,421,333	2,293,727
IT services	1,620,703	1,598,245

The cost of good sold decrease form EUR 30.6 million to EUR 24.9 million in 2017. The revenue of sold fuel contains to sold fuel to the franchise companies. The other revenues also contain the subsequent discounts from the suppliers, sold materials to the franchise companies and the sold fleet to the subsidiary, who is responsible for the selling of these fleet to third party.

22. Direct payroll costs and related taxes

Megnevezés	2016	2017
Direct payroll costs and related taxes	**3,310,934**	**2 ,955,086**
Salaries and taxes	2,049,104	1,930,319
Variable wages and taxes	1,261,830	1,024,767
Fringe benefits	**1,813,150**	**1,985,589**
Direct payroll costs and related taxes	**5,124,084**	**4,940,676**

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

23. Fuel Costs

	2016	2017
fuel costs	3,793,780	3,603,064

The fuel cost decreased by 5.03% compare to prior year. The decrease due to the decresing number of the transportation capacity (2,4%), the decrease in average fuel costs (2.4%) and the reduction in actual fuel consumption 0,9%.

24. Road tolls & transit costs

	2016	2017
road tolls	2,496,773	2,509,242
ferry	21,400,245	21,961,831
services used	75,619	251 445
other transit costs	(3,853,276)	20,794
Road tolls and transit costs	**20,119,362**	**24,743,311**

Within the road toll fees the Company presents the own fleet road toll fee without any rebates. Increase in road toll costs is due to the 1.6% increase in fees.

Within the crossing costs the Company presents the cost of ferry and ferry fees incurred at the own fleet and the subsidiaries. Based on the contract between the Company and the transportation subidiaries all additional costs incurred in order to fulfil a freight, like crossing fees, licences, parking are part of the contract. The crossing fees are presented without any rebates, as the crossing fees are interpreted by the management of the Company as other transit costs. The 2.6% increase in crossing fees is partly due to the growth in the subcontractor fleet and partly to the increase in fees.

Within other transit costs the Company presents the parking costs, other transit costs incurred during the fulfilment of the freight and the subsequent rebates received. Parking costs have not changed significantly compared to the prior year, the cost is EUR 1.9 million in both years. The value of subsequent rebates in the previous year is EUR 5.8 million, in the current year it is EUR 2.2 million, both is presented as reductions in costs. The significant difference between the two years is caused by retrospective discounts from the Italian road companies

25. Other costs

	2016	2017
Repair, installation costs	11,898,420	12,104,931
Insurance costs and expenses	5,724,440	1,837,503
Direct rental costs	974,209	927,400
Other services	1,393,170	1,107,716
Vehicle weight tax and other transportation taxes	392,484	302,550
Other costs, total	**20,382,723**	**16,280,101**

The Company presents the costs of repairing own fleet and rented fleet as repair and installation costs. Based on the contract between the Company and its subsidiaries the Company performs lump sum repair in order to retain the fleet funtional. Income is presented as other income, its cost is presented as direct wage and other costs based on real costs. In addition to lump sum repair, the cost of supplying the fleet with tires is also presented as other cost due to the fact that the rental provided to the subsidiaires includes the tire costs as well.

Significant decrease in the insurance cost is due to the decrease of the compulsory vehicle liability insurance of trailers. In case of the trailers the operator is the Company and not the subsidiaires. The subsidiaries rent the trailers on a daily basis from the Compnay since 1 January 2016.

26. Indirect costs

The details of indirect costs are as follows:

	2016	2017
Indirect wages and payments	**16,828,916**	**14,228,687**
Other services	**10,996,808**	**9,204,562**
Property,maintenance,,utilities,and,rent	1,211,584	1,187,724
Specialists	4,233,200	2,991,799
IT,costs	1,229,110	1,571,138
Communication,costs	199,898	192,360
Company,cars	675,637	685,724
Marketing,costs	789,602	329,637
Other,costs,	2,657,777	2,246,181
Selling, general and administrative costs	**27,825,724**	**23,433,249**

27. Other income

	2016	2017
Provisions released	2,040,385	258,679
Damages received	887,199	1,676,447
Fines, penalties, default interest	145,193	1,435,694
Employee refunds	289,943	20,573
Government grant	28,892	0
Reversed impairment on debtors	131,707	703,846
Reversed impairment loss on inventories	0	107,523
Other miscellaneous income	397,822	729,249
Total	**3,921,141**	**4,932,010**

The significant increase in recovered penalties, late payment interest and fines was due to the fact that based on the contract between the Company and the subsidiaries if the carrier arrives lately to the landing point the carrier has to pay penalty. In the current year the subsidiaries paid EUR 1,053 thousand for the Company compared to the EUR 4 thousand paid in the previous year.

Impairment losses on debtors are reversed as other income and are recognised as other expense. An application introduced in 2017 monitors each receivable item every month and its result is recorded as gross values.

28. Other expenses

	2016	2017
Damages paid	791,982	1,317,128
Provisions	144,976	14,775
Impairment on debtors	20,557	536,550
Penalties, fines	4,825,400	634,454
Impairment on inventories	217,334	-
Credit loss	84,983	15,400
Other miscellaneous expenses	503,268	1,510,008
Total:	**6,558,500**	**4,028,314**

Income and expenses related to damage comprise damages in vehicles and goods during transport and damage suffered during customs guarantee activities, as well as the associated insurance pay-outs. Revenues from damage events exceed the expense related to damage as a result of self-funded repairs.

The Company presents penalties, late payment interest and fines paid to 3rd parties and transportation subsidiaries as other expense which is presented in the table below:

	2016	2017
Penalties, late payment interest and fines to 3rd parties	430,990	427,910
Penalties to subsidiaries	4,394,410	206,544
Penalties, late payment interest and fines total	**4,825,400**	**634,454**

Based on the contract between the Company and the transportation subsidiaries the company will have to pay „abailability penalty" if the central commercial department do not provide the agreed number of orders.

The most significant item within other miscellaneous expense is related to the non-compliance with the „30-day bring home rule" which is agreed to the transportation subsidiaries.

29. Interest

	2016	2017
Interest received	2,636,600	2,668,825
Interest paid	(3,674,767)	(3,826,596)
Realised FX gain or loss	(88,921)	(339,968)
Unrealised FX gain or loss	68,155	188,574
Realised gain or loss on derivatives	5,306,180	3,286,936
Gain or loss on investments	1,480	230,608
Other	-	(5,953,932)
Total	**(4,248,727)**	**(3,745,552)**

The Company presents the interest received from the subsidiaries after the leased assets in the amount of EUR 2,337 thousand in the previous year and EUR 2,424 thousand in the current year. The interest on assets given to the subsidiaries agrees to the interest paid after the original leases. Cash-pool interest income and interest on other loans provided is presented as interest income; in addition the interest on free cash from banks is also presented here.

The Company presents the financing interest on its own fleet and the fleet rented to its subsidiaries as interest paid; and the cash-pool interest after the cash from its subsidiaries.

The Company evaluated the recoverability of its investments. The difference in the equity value and the book value of the investment in Waberer's Romania S.A is recorded as impairment in the amount of EUR 5,53,932.

Assets and liabilities denominated in foreign exchange are presented in Note 35. c).

30. Income tax expense

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

	2016	2017
Current income tax expense	1,684,329	1,736,967
Deferred taxes	1,940,951	(1,449,464)
Total income tax expense	**3,625,280**	**287,502**

The Company treats the 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 financial statements for 2016, the Company reviewed the effective tax rate in view of the changes in corporate taxation in Hungary effective as of 1 January 2017 (announced in December 2016), and determined an effective tax rate of 11.3% - which remained unchanged in 2017.

During the preparation of the financial statements of 2017, the Company revised the return of the deferred tax asset from the loss carried forward based on the strategic plans for 2018-2020. As a result the Company presents a deferred tax asset at the end of 2017.

31. Management of financial risks

During its operations the Compnay 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 Company's financial risks was centralised at the Company's 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 Company has elaborated and applies to measure and manage individual risks.

The Company's Board of Directors is responsible for setting the risk management guidelines and frameworks for the Company. Their task is to design and set up a standard risk management policy and strategy, and continuously monitor that to what risks the Company is exposed. 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 Company will incur a loss due to a client not complying with contractual terms and conditions. From the perspective of the Company this primarily means the non-payment risk of clients.

Trade and other receivables

There is not a high concentration of credit risks in the Company. The 10 largest clients account for 19.10% of the total revenue in 2016 and 18.18% of the total revenue in 2017.

The Company 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 Company does not ask for any collateral to secure individual trade receivables.

The Company has developed long-term relationships with clients, and losses are not common. The Company 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 Company 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 Company entered into an agreement with a factoring company whose services are used as required. In view of the Company's outstanding liquidity position as at 31 December 2016 and 31 December 2017, the Company did not have to use either its revolving loan or factored loan facility. Accordingly, the Company had an available loan facility of EUR 29.04 million at 31 December 2017 and an unused factoring facility of EUR 5 million.

With respect to the new asset purchase loans taken by the Company 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	
Total interest coverage	17.75
EBITDA (EUR million)	82.32
Net of the full interest (EUR million)	4.64
Minimum amount:	4.00

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

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

The table above shows that the Company met all the three financial ratio requirements on 31 December 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 Company'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 Company'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 global fuel price. 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 the planned cash flow.
Besides, the Company 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 Company was less affected by exchange rate risk in 2017 as most of the Company's revenues and expenses incurred in its functional currency (EUR).
The Company enters into derivative contracts, but most of the contracts mitigate the risk of the subsidiairies. Therefore the Company does not apply hedge accounting on the standalone level as the documentation reuirements and the measurement of hedge efficiency have not been developed at the level of the individual companies yet.

(ii) Interest cash flow risk

The Company 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 International 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 Company 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 management continuously monitors returns and the level of dividends due to owners.

The Company'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 Company 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 dissolution without succession or for merger."

The Company meets the statutory capitalisation requirements.

In accordance with government decree 261/2011. (XIII.7.) Korm. 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 Company 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 company constantly meets its tax, customs duty and contribution payment requirements as well as its payment requirements to the transport authority.

The Company engaged in road transportation activities have the required level of capitalisation.

32. Financial instruments

(a) Credit risk

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

	2016. december 31.	2017. december 31.
Other investments	924,234	110,544
Trade receivables	61,744,950	58,754,208
Intercompany receivables	164,078,462	231,440,112
Other current assets and derivative financial instruments	13,302,882	8,632,950
Cash and cash equivalents	16,604,064	29,234,908
Maximum credit risk exposure	**256,654,592**	**328,172,722**

Impairment loss on trade receivables broken down by maturity:

	2016. december 31		2017. december 31	
	Initial cost	Impairment	Initial cost	Impairment
Not yet due	56,018,687	0	51,935,091	0
overdue 0-90 days	5,382,900	5,509	6,506,611	4,310
overdue 91-180 days	135,925	85,046	279,087	77,236
overdue 181-360 days	215,108	66,429	82,577	58,491
overdue 360 days	970,392	821,078	826,715	735,837
Trade receivables	**62,723,012**	**978,062**	**59,630,081**	**875,873**

Based on historic loss figures, the Company 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 the trade receivables balance is from financially sound clients

(b) Liquidity risk

Financial liabilities broken down by maturity:

	2016. december 31.				
EUR-ban	within 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Financial lease liabilities	28,142,086	39,647,780	45,295,814	93,686,068	0
Long-term loans	0	0	0	0	0
Short term loans	5,401,914	0	0	0	0
Trade payables	39,295,008	0	0	0	0
Other current liabilities and derivative financial instruments	2,809,915	0	0	0	0
Total	75,648,923	39,647,780	45,295,814	93,686,068	0

	2017. december 31.				
EUR-ban	within 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Financial lease liabilities	27,019,351	34,142,147	63,908,143	88,413,991	0
Long-term loans	0	0	4,744,530	0	0
Short term loans	0	0	0	0	0
Trade payables	35,664,662	0	0	0	0
Other current liabilities and derivative financial instruments	2,392,818	0	0	0	0
Total	65,076,831	34,142,147	68,652,673	88,413,991	0

(c) Foreign exchange risk

Exposures of the Company borken down by currency:

	2016. december 31.			
	EUR	HUF	egyéb	összesen
Trade receivables	59,608,252	784	483,914	61,744,950
Loans and borrowings	(5,401,914)	0	0	(5,401,914)
Other long-term liabilities	0	0	0	0
Finance leases	(206,771,748)	0	0	(206,771,748)
Trade payables	(35,500,183)	(3,582,531)	(212,294)	(39,295,008)
Net position	**(187,867,593)**	**(1,929,747)**	**271,620**	**(189,723,720)**

2017. december 31.

	EUR	HUF	egyéb	összesen
Trade receivables	56,654,002	1,420,793	679,413	58,754,208
Loans and borrowings	0	0	0	0
Other long-term liabilities	(4,744,530)	0	0	(4,744,530)
Finance leases	(213,483,682)	0	0	(213,483,682)
Trade payables	(32,139,901)	(3,362,194)	(162,567)	(35,664,662)
Net position	**(193,780,516)**	**(1,941,401)**	**516,846**	**(195,205,071)**

The Group's receivables and liabilities in were translated at the following year-end rates: 310.14 HUF/EUR. The business plan for 2018 was based on a projected rate of 310 HUF/EUR.

Remeasuring the open currency position as at 31 December 2017 in the event of a weakening in the exchange rate of 1 HUF/EUR would produce a foreign exchange loss of HUF 1.9 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 Company enters into derivative contracts to mitigate the exchange-rate risk for the Group . As at 31 December 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 Company 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:

	2016		2017	
	Fair Value	**Book value**	**Fair value**	**Book value**
Other non-current financial assets	924,234	924,234	110,544	110,544
Trade receivables	61,744,950	61,744,950	58,754,208	58,754,208
Intercompany receivables	164,078,462	164,078,462	231,440,112	231,440,112
Other current assets and derivative financial instruments	13,302,882	13,302,882	8,632,950	8,632,950
Cash and Cash equivalents	16,604,064	16,604,064	29,234,908	29,234,908
Total financial assets	**256,654,592**	**256,654,592**	**328,172,722**	**328,172,722**

	2016		2017	
	Fair value	**Book value**	**Fair value**	**Book value**
Finance lease liabilities	206,771,748	206,771,748	213,483,633	213,483,633
Other long-term liabilities	0	0	4,744,530	4,744,530
Short-term loans	5,401,914	5,401,914	0	0
Trade payables	39,295,008	39,295,008	35,731,068	35,731,068
Intercompany liabilities	38,065,675	38,065,675	109,171,179	109,171,179
Other current liabilities and derivative financial insturments	2,760,968	2,760,968	2,339,814	2,339,814
Total financial liabilities	**292,295,313**	**292,295,313**	**365,470,224**	**365,470,224**

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 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 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 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 Company's profit or loss at the reporting date.

Cash flow sensitivity review for floating interest financial instruments
Based on our analyses an 10-bp change in the EURIBOR would change the interest on leasing liabilities by EUR 213,483. This change would not affect the Company's equity. This analysis assumed that all other factors (such as currency exchange rates) remained unchanged.

33. Provision and contingent liabilities

The details of provisions per category and any movements in provisions are presented in Note 18.

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 Company 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 amount		Litigated principal amount	
	Provision presented	Contingent liability	Provision presented	Contingent liability
Total:	**241,106**	**658,321**	**138,674**	**398,106**

A number of long 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 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, the Company did not violate the MiLoG law no provision was made in the financial statements

34. Transactions with related parties

Transactions with the management and those exercising ultimate control

During the current year The CEE Transport Holding BV gained influence over in the Waberer's International Nyrt. and also in its Franchise in direct way. From this result the former CEO-Charmain, owner György Wáber was called back and Ferenc Lajkó was appointed as a new CEO-Charmain in May 2016. The former members of the management and their contracts have been terminated during the current year, so with the management and the ultimate control practitioners transactions 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
Fringe benefits	610	0
Total:	**1,123,440**	**1,071,370**

The members of the Board of Directors get 50 thousand euro, the members of Supervisory Board get 10 thousand eur and the members of the Audit Committee get 5 thousand euro for their work.

Transactions with companies governed by the ultimate parent

Waberer's International Nyrt. granted a loan of EUR 820,000 to the minority owners of the new franchise company established in the financial year of 2017. Furthermore, EUR of 1,650,000 management fee was invoiced by the parent company according to the underlying contract.

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.

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

	2016	2017
BILK LOGISZTIKAI ZRT	until 31 May 2016 2,624,455	
WÁBERER HUNGÁRIA BIZTOSÍTÓ ZRT	until the acquisition at 31 March 2016 6,166,817	
LÁSZLÓTANYA KFT	until 31 May 2016 39,388	
Közdülő-Invest Kft	until the acquisition at 31 March 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-Charmain, 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 Intenational 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.

35. Subsequent events

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

On 21 February 2018 the Board of Directors approved the changes in the franchise system submitted by the professional management about the buyout of the shares pf the minority owners of the Franchise subsidiaries. After the buyout the minority owners of the franchise companies they will only fulfil the director position in the franchise companies.

On 19 July 2017 the Company has filed a lawsuit before the Munich District Court against certain truck producers (MAN, Volvo/Renault, Daimler (Mercedes), Iveco and DAF). Based on the dicision made by the Commission certain truck manufacturers mentioned above had engaged in a cartel between 17 January 1997 until 18 January 2011 (in case of MAN only until 20 September 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 emission 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, which has already been retained by the Company.