



Quarterly Report

of

ENEFI Energy Efficiency Plc

for H1 2017

H1

30/06/2017

Published: 14/09/2017

ENEFI Energy Efficiency Plc hereby presents its financial results of the reference period.

The report presents the operations in the reference period on the basis of the financial figures of the Company and the companies consolidated by the Company *not audited* by an auditor.

ENEFI Energy Efficiency Plc is a corporate group consisting of companies with its registered seat in Budapest present in Hungary and Romania, the subsidiaries of which deal with heat production and supply as their main activity well-established areas of the two countries mentioned above. Additionally certain companies of the Group deal with the operation of street lighting systems in Hungarian projects.

The Company hereby calls attention to the fact that as a public stock exchange company it shall publish all significant events related to E-Star in the form of announcements, which can be found on its website (www.e-star.hu , www.enefi.hu) and on the website of Budapest Stock Exchange Plc. (www.bet.hu) as well as the website operated by MNB (www.kozzetetelek.hu).

1. Balance sheet (data in EUR)

Consolidated statement of financial position - Assets				
	2017.06.30	2016.12.31	2016.06.30	2015.12.31
Property, plant and equipment	1 353 620	924 611	989 978	1 045 636
Intangible assets	20 303	20 893	2 526 927	2 528 106
Financial Asset	1 896 672	2 290 974	2 441 361	2 644 722
Other long term receivables	1 537 158	1 440 455	1 353 975	1 548 572
Deferred tax assets	0	1 095 793	466 795	521 275
Total non-current assets	4 807 753	5 772 727	7 779 036	8 288 311
Assets held for sale	0	0	0	23 564 741
Inventories	9 909	32 325	19 242	18 621
Trade receivables	332 919	728 342	853 589	843 361
Other receivables due within a year	813 885	1 597 898	530 893	623 560
Accruals and prepaid expenses	348 386	292 216	325 542	377 840
Cash and cash equivalents	283 891	350 711	1 570 087	645 465
Total current assets	1 788 990	3 001 492	3 299 353	26 073 588
Total assets	6 596 743	8 774 219	11 078 389	34 361 899
Consolidated statement of financial position - Equity and liabilities				
	2017.06.30	2016.12.31	2016.06.30	2015.12.31
Share capital	969 968	969 968	969 968	969 968
Reserves	41 382 934	41 212 642	40 678 901	40 632 184
Treasury shares	-16 662 317	-16 606 171	-15 334 849	-5 487 637
Retained earnings	-21 327 935	-20 350 816	-19 000 045	-23 451 875
Equity attributable to owners of the Company	4 362 650	5 225 623	7 313 974	12 662 640
Non-controlling interests	44 717	72 158	59 748	2 060 098
Total equity	4 407 367	5 297 781	7 373 722	14 722 738
Provisions	333 928	638 639	850 121	858 375
Deferred tax liabilities	47 566	47 566	49 508	49 507
Other long-term liabilities	4 485	0	294 682	7 708
Total non-current liabilities	385 979	686 205	1 194 311	915 590
Liabilities held for sale	0	0	0	15 354 466
Trade payables	149 820	624 135	468 126	783 377
Accruals and deferred income	451 719	426 583	579 206	814 543
Other liabilities	1 201 858	1 739 515	1 463 024	1 771 185
Total current liabilities	1 803 397	2 790 233	2 510 356	18 723 571
Total liabilities	2 189 376	3 476 438	3 704 667	19 639 161
Total equity and liabilities	6 596 743	8 774 219	11 078 389	34 361 899

2. Profit and Loss Account (Figures in EUR)

	2017.01.01.- 2017.06.30.	2016.01.01.- 2016.12.31.	2016.01.01.- 2016.06.30.	2015.01.01.- 2015.12.31.
Continued Operations				
Revenue	1 362 544	2 879 788	1 774 472	3 819 899
Cost of sales	-736 242	-1 576 172	-838 439	-1 627 723
Gross Profit	626 302	1 303 616	936 033	2 192 176
Personnel cost	-283 705	-660 598	-314 261	-772 007
Service used	-345 689	-1 102 093	-1 100 949	-855 540
Other revenue and expenditures, net	28 700	616 510	-222 143	-5 906 366
Depreciation	162 052	-2 634 562	-39 874	-2 771 377
Net profit/loss from financial activities	882 200	601 725	4 616 426	4 234 834
Profit before tax	1 069 860	-1 875 403	3 875 232	-3 878 279
Income tax expense	-48	542 793	-135 533	-1 002 760
Profit for the year from continuing operations	1 069 812	-1 332 610	3 739 699	-4 881 039
Discontinued operations				
Profit from discontinued operation	0	-248 041	725 003	2 036 556
Result of subsidiaries excluded from the group due to loss of control	0	5 182 985	0	
Profit for the year	1 069 812	3 602 334	4 464 702	-2 844 483
Attributable to:				
Owners of the Company	1 051 806	3 618 178	4 451 830	-3 136 920
Non-controlling interests	18 007	-15 843	12 875	292 436
Other comprehensive income				
Foreign currency translation differences	-37 404	580 458	-89 245	276 030
Total other comprehensive income	-37 404	580 458	-89 245	276 030
Total comprehensive income	1 032 409	4 182 793	4 375 457	-2 568 454
Attributable to:				
Owners of the Company	1 014 402	4 198 635	4 362 586	-2 860 890
Non-controlling interests	18 007	-15 844	12 875	292 436
Earnings per share (EUR)				
Basic earning per share		0,35	0,64	-0,23
Diluted earnings per share		0,02	0,64	0,10
Continued operations				
Basic earning per share		0,35	0,55	-0,23
Diluted earnings per share		0,02	0,55	0,10

3. Equity of the Owners of the Company (Figures in EUR)

	Attributable to equity holders of the parent					Total	Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Retained earnings				
Balance at January 1, 2016	969 968	41 382 934	-5 487 637	-24 877 043	11 988 222	2 060 098	14 385 529	
Profit or loss for the period	0	0	0	3 618 180	3 618 180	-15 844	3 602 336	
Other movement (Foreign currency translation differences and prior year adjust)	0	0	0	0	580 458	0	580 458	
Increase in treasury shares	0	0	-12 284 780	0	-12 284 780	0	-12 284 780	
Elimination of treasury shares	0	0	1 166 246	-179 912	986 334	0	986 334	
Elimination of non controlling interest due to loss of control	0	0	0	0	0	-1 972 096	-1 972 096	
Balance at December 31, 2016	969 968	41 382 934	-16 606 171	-21 590 006	4 156 725	72 158	4 228 883	
Profit or loss for the period	0	0	0	1 014 402	1 014 402	-18 007	996 395	
Other movement (Foreign currency translation differences and prior year adjust)	0	0	0	-752 331	-752 331	-9 434	-761 765	
Purchase of treasury shares	0	0	-56 146	0	-56 146	0	-56 146	
Balance at June 30, 2017	969 968	41 382 934	-16 662 317	-21 327 935	4 362 650	44 717	4 407 367	

4. Cash Flow (data in EUR)

	2017 H1	2016 H1	2015 H1
Cash flow from operations			
Profit /loss for the period from continuing and discontinuing operations	996 935	4 600 235	4 671 992
Income tax expense recognised in profit and loss	0	-135 533	-451 037
Depreciation and amortization	162 052	39 874	760 631
Impairment of asset	0	0	-2 682 624
Other movements	-1 352 731	46 717	23 129
Changes of fair value of financial assets	297 559	414 919	188 600
Changes of provisions	-304 711	-8 254	-1 231 811
Changes in other long term liabilities	4 485	286 974	15 189
Loss from the sale of a subsidiary	0	-6 202 048	0
Changes in deferred income	0	0	-31 755
Changes in deferred tax assets and liabilities	26 895	54 480	189 401
Adjusted profit/loss in the year concerned:	-169 516	-902 636	1 451 715
Change in operating capital			
Changes of receivables and other current assets	1 179 436	1 346 663	1 859 099
Changes of accruals	-31 034	-183 036	-73 888
Changes of Inventories	22 416	-621	1 162 410
Changes of Trade payables and other liabilities	-1 011 976	-623 413	-1 645 047
Net cash-flow from operating activity	158 842	539 593	1 302 574
Cash flows from investing activities			
Payments related to purchasing property, machines and equipment	0	0	-57 868
Net cash inflow related to the sale of subsidiaries	0	11 134 877	0
Net cash flow from investing activity	0	11 134 877	-57 868
Cash flows from financing activities			
Change in loans (take out-repayment)	0	0	-367 534
Divident paid to non controlling interest	0	0	-136 186
Sale - purchase of securities	-56 146	0	-649
Sale - purchase of treasury shares	0	-9 847 212	-184 208
Net cash flow from financial activities	-56 146	-9 847 212	-688 577
Change of Cash and cash equivalents	-66 820	924 622	2 007 844
Cash and cash equivalents at the beginning of the year	350 711	645 465	539 976
Cash and cash equivalents at the end of the year	283 891	1 570 087	2 547 820

5. Declaration of the Issuer

The issuer hereby declares that the consolidated report of the first half year of 2017 prepared on the basis of the provisions of the IFRS in accordance with its best knowledge, presents a realistic and reliable picture of the assets, debts, financial situation and the profit and loss statement of the issuer and the companies involved in the consolidation.

ENEFI Energy Efficiency Plc.



ENEFI Energy Efficiency Plc.

Consolidated

Executive Report

for the H1 2017 report

Objective of the Report:

Assessing the figures of the report, this report aims to present the property, financial and revenue circumstances, and the course of business of ENEFI Energy Efficiency Plc. (hereinafter: "Company", or "Enterprise", or "ENEFI", or "Issuer") together with the major risks and uncertainties arising in its operations so that it provides a reliable and realistic picture of these, meeting the actual circumstances on the basis of past factual and expected future data.

I.

Information on the Parent Company, ENEFI Energy Efficiency Plc.:

Basic Information of the Company

Company name:	ENEFI Energy Efficiency Plc.
The company's name in English:	ENEFI Energy Efficiency Plc.
Registered seat:	1134 Budapest, Klapka utca 11.
Branch office of the company:	8413 Eplény, Veszprémi u. 66. Building A.
Country of registered seat:	Hungary
Phone:	06-1- 279-3550
Fax:	06-1- 279-3551
Governing law:	(Hungarian)
Initial Public Offering:	Budapest Stock Exchange Warsaw Stock Exchange
Corporate form:	Public Limited Corporation

Predecessors of the Company and Changes in Corporate Form

The Company was founded as a limited liability company then it was converted into a private limited corporation and subsequently into a public limited corporation as follows:

Regionális Fejlesztési Vállalat Korlátolt Felelősségű Társaság (Regional Development Company Limited Liability Company)

Date of foundation:	17/05/2000
Date of registration:	29/06/2000
Date of termination:	12/06/2006

Regionális Fejlesztési Vállalat zártkörűen működő Részvénytársaság (Regional Development Company Private Limited Corporation)

Date of registration:	12/06/2006
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RFV Regionális Fejlesztési, Beruházó, Termelő és Szolgáltató Nyilvánosan Működő Részvénytársaság (RFV Regional Development, Investment, Production and Service Public Limited Corporation)

Date of change:	12/03/2007
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The Initial Public Offer of the shares took place at the Budapest Stock Exchange on 29 May 2007.

E-STAR Alternative Energy Service Plc.

Date of change:	17/02/2011
Date of registration:	04/03/2011

ENEFI Energy Efficiency Plc.

Date of change:	09/12/2013
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Date of registration: 17/12/2013

Registered Capital of the Company

The registered capital of the company is HUF 296.725.790.

Shares of the Company

The registered capital consists of 29.672.579 pieces of registered, dematerialised, regulated, publicly offered shares, the par value of which is HUF 10, each.

Term of the Operation of the Company

The Company was founded for an indefinite period of time.

II.

Information on the Companies Involved in the Consolidation:

The following subsidiaries belong to the sphere of consolidation of ENEFI Energy Efficiency Plc:

	Name of the Company	Country	Registered Capital	Direct and indirect business share (%)	Voting Ratio (%)
1	ENEFI Energy Efficiency Plc.	Hungary	HUF 296.725.790	-	-
2	E-STAR Management Zrt.	Hungary	HUF 5,000,000	100%	100%
3	RFV Józsefváros Szolgáltató Kft.	Hungary	HUF 3,000,000	49%	70%
4	ENEFI Projektársaság Kft.	Hungary	HUF 3,000,000	100%	100%
5	Termoenergy SRL	Romania	RON 6,960	99.50%	99.50%
6	E-STAR Centrul de Dezvoltare Regionala SRL	Romania	RON 525,410	100%	100%
7	E-STAR Energy Generation SA	Romania	RON 90,000	99.99%	99.99%
8	E-STAR Alternative Energy SA	Romania	RON 90,000	99.99%	99.99%
9	SC Faapritek SA	Romania	RON 90,000	99.99%	99.99%
10	EETEK Limited	Cyprus	EUR 1,000,000	100%	100%

III.

1. Business Environment and Development of Operations and Comprehensive Analysis of the Performance and the Circumstances of the Company:

Brief Story of the Issuer

The predecessor of the Company named Regionális Fejlesztési Kft. was founded by two private people in 2000. The founders intended to establish an ESCO (Energy Service Co., i.e. dealing with energy saving) type of company. Initially one of the main activities of the Company was cost-effective electrical energy supply which still provides significant revenues today. The Company provided continuous consultancy for its customers to assist them to choose the most favourable tariff package from the regionally competent energy supplier. In the framework of the service, the electrical energy was purchased by the Company and sold to its customers at a more favourable price than earlier. The customer and the Company shared the saved costs on the basis of a long term agreement concluded between them. Since 1 January 2008 however the free energy market was opened, which means that economic organisations may freely choose their energy suppliers and individually determine the conditions of the service. The Company also adapts to the changed circumstances and negotiates with several traders of the energy market, takes steps together with its partners to achieve the best possible conditions. The other main activity of the Company has been luminous flux regulation of street lighting since its foundation. Then in 2004 the Company took heating modernisation and thermal energy supply to its product range. A significant part of the customers of the Company are municipalities and municipal institutions but there are also public institutions, church institutions, condominiums and private enterprises among them. The Company was transformed into a private limited corporation on 12 June 2006, then on 12 March 2007 the Court of Registration registered the change of “private limited corporation” form into “public limited corporation”. The Initial Public Offering of the shares of the Company took place at the Budapest Stock Exchange on 29 May 2007. The Initial Public Offering of the shares of the Company took place at the Warsaw Stock Exchange on 22/03/2011 too.

Business Environment of the Company

The Corporate group with its registered seat in Budapest consists of enterprises present in Hungary and Romania, the subsidiaries of which deal with heat production and supply as their main activity in the territories of the two countries mentioned above. Additionally certain companies of the Group deal with the modernisation and operation of street lighting systems in Hungarian projects.

ENEFI sold its operations in Poland and it is not operating any working project in Romania any more, it is enforcing its claim in front of court. Among the Romanian companies of the group SC E-Star Mures Energy, SA SC E-Star Investment Management SRL and SC E-Star ZA Distriterm SRL are under liquidation.

Introduction of Business Activity by Spheres of Activity

The sales revenue of the Company comes from the following major activities:

- Street lighting service;
- Heat supply service

Heat supply service with heating system modernisation

Municipalities and public institutions often solve the heating of their institutions with obsolete, wasteful heating systems. Moreover the maintenance of the obsolete systems can only be solved with greater difficulties and higher maintenance costs; the potential failure of the equipment may cause significant, unplanned investment. The investment may potentially be only implemented by loan and the further worsening credit rating due to the poor municipality management. Following the individual survey of the buildings of the customers and the preliminary survey of needs, the Company prepares an offer package in this business branch, which includes a proposal for the long term solution of heat supply at higher standards. Following the conclusion of the agreement the Company implements the energetic modernisation prepared during the survey and undertaken in the impact study without involving the resources of the customer, then it provides long term (10-25 years) heat supply service on the modern system, including operating and maintenance tasks. Depending on individual needs, the modernisation may include the replacement of the boiler, the conversion of the heat consumption into a controllable and measurable system (converting the heating systems into multiple circles, installing thermostatic controls, building in heat pump, etc.). The Company acquires the further factors required for providing the heat supply (e.g. leasing boiler-house, electric energy, water, etc.) partly from the customers. The Company purchases the equipment from the Hungarian representatives of worldwide companies (e.g. in case of boilers, these companies are typically Viessmann, Buderus, Hoval, etc.), who usually perform installation too. The Company also concludes long term agreements for the maintenance of the equipment with a local subcontractor. The modernisation results in significant, even 40-50% energy cost saving among the same conditions. In order to ensure heat supply, the Company usually uses gas-fired equipment. Instead of the direct "gas supplier - municipality" relationship, the Company purchases gas and supplies heat to the customers in a "gas supplier (gas trader) - Company" relationship. The customer uses the heat supply at lower costs while the heating system is modernised. The customer periodically (monthly) pays a basic, or service fee and a consumption fee according to a previously determined formula. The Company adjusts the unit price of the heat supply service to the gas price invoiced by the utility gas supplier.

Major Markets

Geographical Penetration of ENEFI

- Initially ENEFI Plc. implemented successful heating supply, public lighting and kitchen technology developments in Hungary, primarily in the municipality sector.
- Due to the changing economic and social requirement in our region, the demand for the solutions offered by the Company increased, which allowed for the regional expansion of the Company becoming stronger and obtaining references in Hungary.
- Since the municipalities are rather under-financed in our region, the heating technology of public institutions is also obsolete, significant savings may be achieved, therefore the attention of ENEFI has turned towards the surrounding countries, especially Romania since 2010 and Poland since 2011.

The Company sold its operations in Poland in 2016, thus the area of operation has been limited to the territory of Hungary and Romania.

The most important services (branches) of the entire group are the following

The most important services (branches) of the entire group are the following:

- efficient thermal energy and district heating supply based on sustainable primary energy sources
- modernisation and exploitation of efficiency in energy supply and transformation equipment

Management of the Company, Objectives and Strategy

Among its first tasks the newly elected Board of Directors of the Company have found it important to determine and communicate its short and medium term objectives about the Company to the honourable Shareholders:

https://www.bet.hu/newkibdata/120976438/K_zlem_ny_IG_c_lkit_z_sek.pdf

Major Resources of the Company

The number of employees in the Company has been reduced to below 10 as a result of the former dramatic downsizing of operations. The head count is sufficient to maintain daily operations. Operations with the significantly downsized corporate centre can be compared with the basic operations of an investment. Currently the entire Hungarian operation takes place without using bank financing.

Risk factors

The detailed description of the risk factors is included in the previously published Consolidated Report of the Company (pages 22-37), which is available here: http://bet.hu/newkibdata/115693892/T_j_koztat_.pdf

Summary of the Reference Period

The trends continued in H1 2017, that the mean temperature higher than the average of several years negatively influenced the heat quantity of the Company primarily dealing with thermal energy production,, distribution and supply, thus negatively affecting the profit of the Company.

The Company hereby calls attention to the fact that as a public stock exchange company it shall publish all significant events related to E-Star in the form of announcements, which can be found on its website (www.e-star.hu , www.enefi.hu) and on the website of Budapest Stock Exchange Plc. (www.bet.hu) as well as the website operated by MNB (www.kozzetetelek.hu).

The Company still does not plan to implement new energy projects. The Company focuses in its business on effectively operating its assets, selling those in given circumstances and it is open to close its lawsuits in progress by out of court agreements. The Company intends to continue its previous own share repurchase programme from its free cash considering the objectives formulated by the shareholders up to the HUF 250 maximum exchange rate which provides an option to exit for shareholders. In addition to ENEFI, an affiliated company thereof, the management of EETEK Ltd. also decided to purchase significant amounts of ENEFI shares.

So the Company trusts that it can use its energy to implement the strategy expected by its owners in the future, particularly because the events of the first quarter of 2016 binding significant resources of the Company seem to be closing although they still affect the operation of the Company.

- The lawsuit filed by shareholder Csaba Soós in the subject of the decisions made by certain circles of owners in the subject of the validity of the mandates of the elected officers following the news of selling the Polish operation at the general meeting held in January 2016 was eventually closed after being postponed multiple times in the reference period of the present report and accepting the action, the court annulled all such decision.
- Nevertheless the registration of the decisions of the general meeting on selecting the present members of the Board of Directors in Q1 2016 and the judgement of all applications for the registration of changes by the Company have not happened in a very irregular manner for nearly one year and eventually the applications were judged in the reference period of the present report and the capital increase of the Company was also registered so there is nothing left to prevent putting the issues of capital decrease and the delisting own shares on the agenda again.
- The article according to which one of the members of the Board of Directors of the Company filed a criminal complaint against Csaba Soós, a member of the Board, in the subject of the sale of the Polish operation and other criminal offences was also published in January 2016. The Company did not expect the proceedings related to the absolutely unfounded accusations in the article until the hearings of certain employees and officers of the Company started. Following the above, the Company addressed the authorities several times requesting information about the specific details of the case and the allegedly committed criminal offences if a member of the Board of Directors

filed a complaint. The authority rejected the requests and complaints of the Company, informing the Company that the complaint was made by former member of the Board of Directors Zsolt Komonczai as a private person. According to the documents of the investigation, the proceedings were in progress against an unknown person. The investigation was in progress for almost half a year during which the Company did not receive any real information from the authority in spite of its multiple requests and had no specific details of the proceedings. The authority finally closed the investigation in the lack of criminal offence following the reference period of the present report. The Company only experienced in the public inspection of documents that in spite of the previous information received from the authorities, Zsolt Komonczai made the complaint as a member of the Board of Directors on behalf of ENEFI and also filed a civil claim representing thereof but not against an unknown person but against Csaba Soós. The magazine did not try to find the Company or the member of the Board of Director accused in relation with the case. The complaint made against Csaba Soós proved to be unfounded and the accusations proved to be false and the Company does not agree with the content of the complaint.

- The proceedings of the National Bank of Hungary also initiated in Q1 2016 and also lacking any basis in the opinion of the Company is still in progress and the Company expects a first instance decision in autumn. The proceedings started in March 2016 are in progress against Csaba Soós and EETEK and as far as the Company is informed, no proceedings have been started against other participants of the stock exchange and OTC transactions conducted in March, and they were only heard in the present case directly prior to the closure of the authority proceedings in late August or early September 2016. The involved persons still argue that they would have committed illegal market influencing and insider trading and they qualify the arguments of the Supervisory Authority unfounded, unnatural and self-contradictory in several cases in relation to which they have submitted detailed documentation to the court. According to the viewpoint of the National Bank of Hungary, EETEK committed illegal market influencing by certain share transactions before and after the closure of the Polish transaction; according to its opinion the share purchase had no real business objective, the price was fixed at an artificial level, and EETEK as a determining player on the purchase side should have purchased at a price lower than the market price due to the quantity, and in spite of this it set an increasing trend with its purchases. According to the view of the Company, the above argument ignores the share repurchase objectives and program formulated by the shareholders years ago; purchase below book value shall not constitute artificially high price level. The Company has never aimed to influence the share price so it never aimed to push it down for cheaper purchase since according to its view this would raise concerns. According to the viewpoint of the Company, real, fundamentally supported increase of prices based on real transactions and not artificial, market influencing, false, quantity purchase and demand will necessarily cause price increase and not decrease (70% of the Company was purchased). In this case the Company finds it practical to revise the transactions on financial and economic basis. The Company also notes that the extent of price increase in the objected period was not even close to the extent of increase of the previous days without any news, not to mention the rise of the securities on other stock exchanges and the fundamental basis thereof where no similar objections were raised from the Supervisory Authority. According to the viewpoint of the National Bank of Hungary EETEK Ltd. suggested false information to the market with its unilateral purchases and started an increase of prices (a rising tendency). According to the viewpoint of the Company these accusations are uninterpretable. EETEK Ltd. simply purchased shares. The honourable investors may have well asked the question, with what price increases it could have purchased 70% of the Company so that it would not be illegal market influencing according to the National Bank of Hungary. Furthermore, according to the viewpoint of the National Bank of Hungary, Csaba Soós committed insider trading with his share transaction following the sales of the Polish operation. It is a fact undisputed by the Supervisory Authority that the sale of the Polish operation, the closure of the transaction, the amount and the reception of consideration, the share repurchase and the use of the consideration for share purchase had been known on the market in advance and in the lack of all this the limit price framework order for the purchase of shares was qualified by the

Supervisory Authority as insider information. In defence, the National Bank of Hungary accepted the argument that the purchase orders of the Company do not need to be communicated so those do not constitute significant information. In this case, however, the Company does not understand the point of view of the National Bank of Hungary again because insider trading can only be committed with the use of significant information. Significant information shall all be announced under legal regulations. If however, the orders do not need to be announced, it means that they are not considered as insider information even by the National Bank of Hungary. According to the point of view of the Supervisory Authority, the parties could have lawfully concluded the transaction on OTC however the more transparent transaction on the stock exchange is found unlawful for the Company which is unintelligible.

- The Company does not claim that there would be a relationship between the above events.

The Company is continuing progressing negotiations with EnerIn Kft. about the sale (return) of the street lighting projects previously purchased from them with the originally calculated expected yield. In case of a successful transaction, the street lighting branch of ENEFI would be completely terminated and its portfolio would become further simplified and its outstanding claims would be further reduced.

The Board of Directors of the Company decided to limit the sale of employee shares (<https://www.bet.hu/newkibdata/124033017/DROP.pdf>). The Company hereby informs its honourable investors that in addition to the members of the Board of Directors all present employee share owners have accepted the above restriction.

Trading Profit of the Reference Period and Prospects

The single effect profit items of H1 are mentioned at the description of the business operations in each country.

Quantitative and Qualitative Indexes and Indicators of Performance Measurement.

Name of index	June 30, 2017	December 31, 2016.
Rate of fixed assets: (fixed assets/total assets)	72,88%	61,05%
Indebtedness rate: (payables/Resources)	33,19%	45,12%
Liquidity index I.: (current assets/short-term liabilities)	0,99	1,08
Quick liquidity ratio (cash/short-term liabilities)	0,16	0,13
Name of index	June 30, 2017	June 30, 2016

Profitability in the ratio of sales revenues (pre-tax profit/net sales revenues)	78,52%	218,39%
Profitability in the ratio of own capital (pre-tax profit/own capital)	24,27%	52,55%

IV.

Declaration of the Issuer

The Company hereby states that the executive report provides a reliable picture of the circumstances, development and performance of the Issuer, informing about major risks and factors of uncertainty.

ENEFI Energy Efficiency Plc.