



**Independent Auditors' Report issued on the
2018
Annual Financial Statements
and Business Report
of M6 Duna Autópálya Koncessziós Zrt.**

This is an English translation of the Independent Auditors' Report on the 2018 annual financial statements of M6 Duna Autópálya Koncessziós Zrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete set of annual financial statements it refers to.

M6 Duna Autópálya Koncessziós Zrt. - K12 - 2018.12.31.





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M6 Duna Autópálya Koncessziós Zrt. - K12 - 2018.12.31.





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Independent Auditors' Report

To the shareholders of M6 Duna Autópálya Koncessziós Zrt.

Opinion

We have audited the 2018 annual financial statements of M6 Duna Autópálya Koncessziós Zrt. (hereinafter referred to as "the Company"), which comprise the balance sheet as at 31 December 2018, which shows total assets of EUR 234,820,015 and profit after tax for the year of EUR 14,311,874, and the income statement for the year then ended, and supplementary notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying annual financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance for the year then ended in accordance with Act C of 2000 on Accounting in force in Hungary (hereinafter referred to as "the Act on Accounting").

Basis for Opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the Company for the purposes of our audit of the annual financial statements, as provided in applicable laws in force in Hungary, "The Policy on Rules of Conduct (Ethics) of the Audit Profession and on Disciplinary Procedures" of the Chamber of Hungarian Auditors, as well as with respect to issues not covered by these, in the "Code of Ethics for Professional Accountants" issued by the International Ethics Standards Board for Accountants (the 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.

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. We have determined that there are no key audit matters to communicate in our report.

Other Information

The other information comprises the 2018 Business Report of the Company. Management is responsible for the preparation of the business report in accordance with the Act on Accounting and other applicable legal requirements, if any.

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M6 Duna Autópálya Koncessziós Zrt. - K12 - 2018.12.31.





Our opinion on the annual financial statements expressed in the Opinion section of our report 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 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.

Based on the Act on Accounting, we are also responsible for assessing whether the business report has been prepared in accordance with the Act on Accounting and other applicable legal requirements.

In our opinion the 2018 business report of the Company is consistent, in all material respects, with the 2018 annual financial statements of the Company and the applicable provisions of the Act on Accounting.

There are no other legal requirements that are applicable to the business report of the Company, therefore, we do not express an opinion in this respects.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the business report, and if so, the nature of such misstatement. 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 the Act on Accounting, 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 and disclosing, as applicable, matters related to going concern; and, management is responsible for preparing the annual financial statements on a going concern basis. Valuation made by management shall be based on the principle of going concern, unless the use of this principle is precluded by any provision, or if any fact or circumstance prevails, which precludes the Company to continue as a going concern.

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

Auditors' 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 auditors' 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 Standards on Auditing and applicable laws and regulations in Hungary 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 Standards on Auditing and applicable laws and regulations in Hungary, we exercise professional judgment and maintain professional skepticism 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.

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M6 Duna Autópálya Koncessziós Zrt. - K12 - 2018.12.31.





- 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 for the preparation of the annual financial statements 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 auditors' 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 auditors' 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is the signatory of this report.

Budapest, 5 February 2019

KPMG Hungária Kft.

Registration number: 000202

Gábor Agócs

Partner, Professional Accountant

Registration number: 005600

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M6 Duna Autópálya Koncessziós Zrt. - K12 - 2018.12.31.



13368254-4211-114-01
Statistical number

Cg.01-10-045198
Registration number

Company name: **M6 Duna Autópálya Koncessziós Zrt.**

Company address: **1117 Budapest, Fehérvári út 50-52.**

ANNUAL REPORT

for the period from 01.01.2018-31.12.2018

This is an English translation of the Annual Report
In case of any differences or controversies, the Hungarian language original prevails

Date: 5 February 2019

13368254-4211-114-01

Statistical number

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Cg.01-10-045198

Registration number

M6 Duna Autópálya Koncessziós Zrt.

BALANCE SHEET Assets

amounts in EUR

No.	Description	31.12.2017	Modification(s) of previous year	31.12.2018
a	b	c	d	e
1.	A. Fixed assets (lines 2+10+18)	208 028 738		181 501 292
2.	I. INTANGIBLES (lines 03-09)	1 872		784
3.	Capitalized value of formation/restructuring	-		-
4.	Capitalized value of research and development	-		-
5.	Concessions, licenses and similar rights	1 872		784
6.	Intellectual property	-		-
7.	Goodwill	-		-
8.	Advances and prepayments on intangible assets	-		-
9.	Adjusted value of intangible assets	-		-
10.	II. TANGIBLES (lines 11-17)	203 990 836		181 500 508
11.	Land and buildings and rights to immovables	203 852 906		180 914 938
12.	Plant and machinery, vehicles	130 282		361 052
13.	Other equipment, tools, fixtures and fittings, vehicles	7 648		4 548
14.	Breeding stock	-		-
15.	Assets in course of construction	-		-
16.	Payments on account	-		219 970
17.	Adjusted value of tangible assets	-		-
18.	III. FINANCIAL INVESTMENTS (lines 19-28)	4 036 030		-
19.	Long-term participations in affiliated companies	-		-
20.	Long-term loans to affiliated companies	-		-
21.	Long-term participations in a significant owned companies	-		-
22.	Long-term loan to significant owned companies	3 523 858		-
23.	Other long-term participations	-		-
24.	Long-term loan to other companies linked by virtue of participating interests	512 172		-
25.	Other long-term loans	-		-
26.	Long-term debt securities	-		-
27.	Adjusted value of financial investments	-		-
28.	Valuation difference of financial investments	-		-

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M6 Duna Autópálya Koncessziós Zrt.

BALANCE SHEET Assets

amounts in EUR

No.	Description	31.12.2017	Modification(s) of previous year	31.12.2018
a	b	c	d	e
29.	B. Current assets (lines 30+37+46+53)	36 479 560		37 097 657
30.	I. STOCKS (lines 31-36)	-		-
31.	Raw materials and consumables	-		-
32.	Unfinished production, semi-finished products	-		-
33.	Young, fatted and other livestock	-		-
34.	Finished products	-		-
35.	Goods	-		-
36.	Advances and prepayments for stocks	-		-
37.	II. RECEIVABLES (lines 38-45)	27 217		59 766
38.	Accounts receivables	-		49 265
39.	Receivables from affiliated companies	-		-
40.	Receivables from significant owned companies	-		-
41.	Receivables from other companies linked by virtue of participating interest	-		-
42.	Bill receivable	-		-
43.	Other receivables	27 217		10 501
44.	Valuation difference of receivables	-		-
45.	Valuation difference of derivative instruments	-		-
46.	III. SECURITIES (lines 47-52)	-		-
47.	Participating interests in affiliated companies	-		-
48.	Other significant participating interests	-		-
49.	Other participating interests	-		-
50.	Own shares and own partnership shares	-		-
51.	Debt securities held for trading	-		-
52.	Valuation difference of securities	-		-
53.	IV. CASH AND BANK (lines 54-55)	36 452 343		37 037 891
54.	Cash and cheques	-		-
55.	Bank accounts	36 452 343		37 037 891
56.	C. Prepayments (lines 57-59)	16 901 288		16 221 066
57.	Prepayments of the incomes/revenues	8 736 100		8 985 182
58.	Prepayments of the costs and expenses	8 165 188		7 235 884
59.	Deferred costs and expenses	-		-
60.	TOTAL ASSETS (lines 1+29+56)	261 409 586		234 820 015

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M6 Duna Autópálya Koncessziós Zrt.

BALANCE SHEET Liabilities and equity

amounts in EUR

No.	Description	31.12.2017	Modification(s) of previous year	31.12.2018
a	b	c	d	e
61.	D. Owners equity (lines 62+64+65+66+67+68+71)	41 833 468		43 244 184
62.	Issued capital	28 932 310		28 932 310
63.	from line 54: par value of own shares bought back by the Company	-		-
64.	Registered capital, but not paid yet	-		-
65.	Capital reserve	-		-
66.	Retained earnings	-		-
67.	Tied-up capital	-		-
68.	Revaluation reserve	-		-
69.	1. Valuation reserve for adjustments	-		-
70.	2. Fair value valuation reserve	-		-
71.	Profit/loss for the year	12 901 158		14 311 874
72.	E. Provisions (lines 73-75)	-		-
73.	Provisions for expected losses	-		-
74.	Provision for expected liabilities	-		-
75.	Other provisions	-		-
76.	F. Liabilities (lines 77+82+92)	208 609 934		181 644 374
77.	I. DEFERRED LIABILITIES (lines 78-81)	18 420 792		18 420 792
78.	Deferred liabilities to associated company	-		-
79.	Deferred liabilities to other companies linked by significant of participating interests	16 083 193		16 083 193
80.	Deferred liabilities to other companies linked by virtue of participating interests	2 337 599		2 337 599
81.	Deferred liabilities to other parties	-		-

Date: 5 February 2019

M6 Duna Autópálya Koncessziós Zrt.
BALANCE SHEET Liabilities and equity

amounts in EUR

No.	Description	31.12.2017	Modification(s) of previous year	31.12.2018
a	b	c	d	e
82.	II. LONG-TERM LIABILITIES (lines 83-91)	161 044 703		130 356 040
83.	Long-term loans received	-		-
84.	Convertible bonds	-		-
85.	Liabilities from issue of bonds	61 907 724		49 676 873
86.	Investment and development credits	92 337 466		74 094 733
87.	Other long-term credits	-		-
88.	Long-term liabilities to associated company	-		-
89.	Long-term liabilities to significantly interest company	-		-
90.	Long-term liabilities to other companies linked by virtue of participating interests	-		-
91.	Other long-term liabilities	6 799 513		6 584 434
92.	III. SHORT-TERM LIABILITIES (lines 93-104)	29 144 439		32 867 542
93.	Short-term loans	-		-
94.	from line 81: convertible bonds	-		-
95.	Short-term credits	27 199 192		30 473 571
96.	Advances from customers	56 559		3 319
97.	Accounts payable	97 100		118 845
98.	Liabilities on drafts	-		-
99.	Short-term liabilities to associated company	-		705 836
100.	Short-term liabilities to significantly interest company	-		102 589
101.	Short-term liabilities to minority-interest company	-		-
102.	Other short-term liabilities	1 791 588		1 463 382
103.	Valuation difference of liabilities	-		-
104.	Valuation difference of derivative instruments	-		-
105.	G. Accruals (lines 106-108)	10 966 184		9 931 457
106.	Accruals of incomes	3 857 216		3 538 228
107.	Accruals of costs and expenses	3 027 662		2 788 181
108.	Deferred incomes	4 081 306		3 605 048
109.	TOTAL LIABILITIES AND EQUITY (lines 62+72+76+105)	261 409 586		234 820 015

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M6 Duna Autópálya Koncessziós Zrt.

PROFIT AND LOSS STATEMENT

(full cost method)

amounts in EUR

No	Description	2017.01.01.- 2017.12.31.	Modification(s) of previous year	2018.01.01.- 2018.12.31.
a	b	c	d	e
1.	Net domestic sales	53 083 694		53 859 137
2.	Net export sales	-		-
I.	Total sales (01+02)	53 083 694		53 859 137
3.	Change in self-manufactured stocks.	-		-
4.	Own work capitalised	-		-
II.	Own performance capitalised (03±04)	-		-
III.	Other revenues	350 955		184 642
	from line III. rewrite of impairment loss	-		-
5.	Cost of materials	24 162		20 328
6.	Value of rendered services	1 562 432		1 525 086
7.	Value of other services	200 237		197 748
8.	Cost of goods sold	-		-
9.	Value of sold (intermediated) services	2 505 829		2 413 998
IV.	Material-type costs (05+06+07+08+09)	4 292 660		4 157 160
10.	Wages and salaries	259 089		235 506
11.	Other staff costs	13 027		19 777
12.	Social security contributions	66 566		55 271
V.	Staff costs (10+11+12)	338 682		310 554
VI.	Depreciation	23 399 102		23 387 547
VII.	Other expenses	1 078 421		1 102 997
	from line VII. impairment loss	-		-
A.	OPERATING PROFIT/LOSS (I±II+III-IV-V-VI-VII)	24 325 784		25 085 521

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M6 Duna Autópálya Koncessziós Zrt.

PROFIT AND LOSS STATEMENT

(full cost method)

amounts in EUR

No	Description	2017.01.01.- 2017.12.31.	Modification(s) of previous year	2018.01.01.- 2018.12.31.
a	b	c	d	e
13.	Dividends and profit-sharing (received or due)	-	-	-
	from line 13. from associated company	-	-	-
14.	Capital gains on investments	-	-	-
	from line 14. from associated company	-	-	-
15.	Interest and capital gains on financial investments	35 038	-	5 106
	from line 15. from associated company	-	-	-
16.	Other interest and similar income (received or due)	-	-	-
	from line 16. from associated company	-	-	-
17.	Other income from financial transactions	368 865	-	230 448
	from line 17. valuation difference	-	-	-
VIII.	Income from financial transactions (13+14+15+16+17)	403 903		235 554
18.	Losses on financial participations, shares	-	-	-
	from line 18. to associated company	-	-	-
19.	Losses on financial investment - expenses and FX losses	-	-	-
	from line 19. to associated company	-	-	-
20.	Interest payable and similar charges	10 074 636	-	9 002 005
	from line 20. to associated company	-	-	-
21.	Losses on shares, securities and bank deposits	-	-	-
22.	Other expenses from financial transactions	370 879	-	480 246
	from line 22. valuation difference	-	-	-
IX.	Expenses on financial transactions (18+19+20+21+22)	10 445 515		9 482 251
B.	RESULT OF FINANCIAL TRANSACTIONS (VIII-IX)	- 10 041 612		- 9 246 697
C.	PROFIT/LOSS BEFORE TAXATION (±A±B)	14 284 172		15 838 824
X.	Corporation tax	1 383 014	-	1 526 950
D.	PROFIT/LOSS AFTER TAXATION (±C-X)	12 901 158		14 311 874

Date: 5 February 2019

Company name:
Company address:
Statistical number

M6 Duna Autópálya Koncessziós Zrt.
1117 Budapest, Fehérvári út 50-52.
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Cashflow statement		amounts in EUR	
No	Description	2017.01.01.- 2017.12.31.	2018.01.01.- 2018.12.31.
I. cashflow from ordinary activities (Operational cashflow)		26 318 341	24 859 933
	lines 1-13		
1	Profit before tax	(+)/(-) 14 284 172	15 838 824
2	Depreciation	(+) 23 399 102	23 387 547
3	Impairment loss and rewrite of impairment loss	(+)/(-) 0	0
4	Change in the amount of provision	(+)/(-) 0	0
5	Result of sale of fixed assets	(+)/(-) 0	0
			0
6	Change of accounts payable	(+)/(-) 57 080	21 745
7	Change of other short term liabilities	(+)/(-) 502 769	426 979
8	Change of accruals	(+)/(-) -915 293	-1 034 727
9	Change of accounts receivable	(+)/(-) 109 188	-49 265
10	Change in current assets (excl. Cash and acc. receivable)	(+)/(-) 18 061	16 716
11	Change of prepayments	(+)/(-) 953 438	680 222
12	Tax paid on result	(-) -1 383 014	-1 526 950
13	Dividend paid	(-) -10 707 162	-12 901 158
II. Cashflow from investment activities (Investment cashflow)		-566 656	-896 131
	lines 14-16		
14	Purchase of fixed assets	(-) -566 656	-896 131
15	Sale of fixed assets	(+) 0	0
16	Dividend received	(+) 0	0
III. Cashflow from financial transactions (Financing cashflow)		-24 508 877	-23 378 254
	lines 17-27		
17	Issuing of shares, capital inflow	(+) 0	0
18	Cash from issue of bonds, credit letters	(+) 0	0
19	Loan, credit received	(+) 0	0
20	Repayments of long-term loans and bank deposits.	(+) 2 500 936	4 036 030
21	Cash received	(+) 0	0
22	Decrease of registered capital	(-) 0	0
23	Repayments of bonds, credit letters	(-) -10 609 276	-10 916 652
24	Repayments of loan, credit	(-) -15 824 091	-16 282 553
25	Given loans, bank deposits for long-term	(-) 0	0
26	Cash given	(-) 0	0
27	Change of liabilities to shareholders and other long term liabilities	(+)/(-) -576 446	-215 079
IV. Change in the amount of cash (lines I. + II. + III.)		1 242 808	585 548
	(+)/(-)		

M6 DUNA AUTÓPÁLYA KONCESSZIÓS ZRT.

SUPPLEMENTARY NOTES TO THE ANNUAL REPORT FOR 2018

M6 DUNA AUTÓPÁLYA KONCESSZIÓS ZRT.

Supplementary Notes for 2018

1. GENERAL BACKGROUND INFORMATION

M6 Duna Autópálya Koncessziós Zrt. (the “Company”) has its legal at 1117 Budapest, Fehérvári út 50-52.

The Company was founded on 7 October 2004.

Therefore the owners of the Company as of 31 December 2018 were as follows (“Shareholders”):

- M6 Duna B.V. (Strawinskylaan 303, WTC A-Tower, PO Box 79074, Amsterdam 1070 NC, the Netherlands)

- Aberdeen Infrastructure (HoldCo) B.V. (Strawinskylaan 303, WTC A-Tower, PO Box 79074, Amsterdam 1070 NC, the Netherlands)

- Intertoll Capital Partners B.V. (Blaak 40, 3011TA Rotterdam, the Netherlands).

The owners of M6 Duna BV are the Aberdeen investment group and EBRD (European Bank for Reconstruction and Development).

The Company is a private company limited by shares established for a fixed term, which is the concession period set out in the Concession Agreement concluded with the Hungarian State. The concession period is 22 years, lasting until 8 October 2026. The rights and obligations set by the Concession Agreement were transferred to the Company via the Transfer Agreement dated 13 October 2004 by the consortium originally obtaining the concession.

Accordingly, the Company is solely engaged in the design, construction, renovation, operation and maintenance under concession of the section of the M6 Motorway between Érdi tető and the intersection of the M6 and M8 Motorways at Dunaújváros, and the financing of the above activities. The interim completion of the motorway occurred on 11 June 2006. The relevant Traffic Authority issued the final licence to operate for this section of the M6 Motorway on 31 October 2006. The Final Acceptance Certificate issued by the Minister of Economy and Transport –acting on behalf of the Hungarian State – became effective on 13 December 2006.

During the term of the concession, the Company is entitled to possess and utilize certain assets under exclusive state property (e.g. main road) and to receive the benefits derived from those assets. Accordingly, starting from interim completion, the Company is receiving monthly availability fees from the Hungarian State for the use of the motorway. The availability fee amounts are determined by the calculation formulae contained in the Concession Agreement.

Supplementary Notes for 2018

2. ACCOUNTING POLICY

The books and records of the Company are maintained in accordance with Law C of 2000 on Accounting, as amended (the "Law") and generally accepted accounting principles in Hungary. In accordance with the requirements of the Law, from 1 January 2008 the books and records of the Company are maintained in EUR.

The accounting policy, the valuation method and process of the Company with the modifications introduced during this period are as follows:

Financial statement preparation date

The preparation date of the financial statements for the year ended 31 December 2017, the preparation date was 8 January 2018, while for the year ended 31 December 2018, the preparation date was 8 January 2019.

Intangible fixed assets

Purchased software, included in Rights of property value, are amortised over 3 years. Intangible fixed assets below purchase price of 100 000 HUF are fully depreciated when put into use.

Tangible fixed assets

According the paragraph 23 (3) of the Law, the Company records the acquisition cost of the assets purchased or created under the Concession Agreement as tangible fixed assets in its books. The acquisition cost includes:

- upfront fees, commitment fees, handling fees etc. stipulated in the financing contracts directly linked to the design and construction of the motorway
- interest due until the interim completion of the motorway minus interest received on funds dedicated to the project
- banking fees and bank advisors' (technical, financial, legal, etc.) fees directly linked to the project as stipulated by the financing contracts
- insurance costs directly linked to the project, until interim completion
- direct salaries and related taxes of company officers and employees exclusively working on the project, until interim completion
- design, construction, monitoring, environmental, safety, documentation etc. advisory fees, until final completion of the construction contract
- realised and unrealised FX differences on foreign currency liabilities in direct connection with the construction, until project completion

M6 DUNA AUTÓPÁLYA KONCESSZIÓS ZRT.

Supplementary Notes for 2018

Tangible fixed assets are stated at acquisition costs less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the related asset. The useful lives of the motorway and the ancillary facilities are calculated from the interim completion date (11 June 2006) until the end of the concession period, which is 20.3 years. The depreciation rates applied are as follows:

Motorway and ancillary facilities	4.9%
Vehicles	20.0%
Office and IT equipment	33.3%
Furniture	14.5%

Tangible assets below purchase price of 100,000 HUF are fully depreciated when put into use.

Format of statements of operations

The accompanying statement of operations is prepared according to the full cost method. Assets and liabilities denominated in HUF are valued at the daily FX rates set by the National Bank of Hungary. The consequent valuation gains/losses are recorded net as Result on financial transactions.

Material errors

In accordance with the Law, amounts exceeding 2% of total assets are considered as material errors resulting of tax audits, self-revisions and errors effecting prior years (the corresponding figure in 2017 was 5.2 mEUR and in 2018 it was 4.7 mEUR).

The Company considers exceptional those cost or revenue items, regardless to their amount, which are outside of the normal scope of operations.

There were no such exceptional items in the year ended 31 December 2018.

3. FINANCIAL POSITION, PROFITABILITY AND LIQUIDITY

In March 2006 the project was successfully refinanced: the previous syndicated long-term bank loan was replaced by cheaper funds from a new loan from the European Investment Bank („EIB”) and the proceeds of the issuance of floating rate Notes (see Point 11). Due to the refinancing, the project’s feasibility and profitability is even more secure and robust, per the underlying Financial Model. The Company has fulfilled its debt service obligations in 2017 and 2018 as well, in full compliance with the credit agreements.

The interim completion of the motorway occurred on 11 June 2006 that is with 71 days of delay compared to the target interim completion date of 31 March 2006. Since the Company was not responsible for that delay, therefore the budgeted Availability fees for such „deemed operation” period have been fully reimbursed (see Point 13 and 14) by the Ministry of Economy and Transport („GKM”), in accordance with the agreement dated 17 May 2007.

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4. INTANGIBLE FIXED ASSETS

The changes in intangibles during 2017 and 2018 are detailed as follows (in EUR):

	<u>Concessions, licenses and similar rights</u>
<u>Gross value</u>	
Opening balance at 1 January 2017	13 081
Additions	632
Disposals	0
Closing balance at 31 December 2017	<u>13 713</u>
Additions	296
Disposals	0
Closing balance at 31 December 2018	<u>14 009</u>
<u>Accumulated depreciation</u>	
Opening balance at 1 January 2017	10 828
Depreciation-straight line method	1 013
Disposals	0
Closing balance at 31 December 2017	<u>11 841</u>
Depreciation-straight line method	1 384
Disposals	0
Closing balance at 31 December 2018	<u>13 225</u>
Net Book Value at 31 December 2017	<u>1 872</u>
Net Book Value at 31 December 2018	<u>784</u>

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Supplementary Notes for 2018

5. TANGIBLE FIXED ASSETS

The changes in tangible fixed assets during 2017 and 2018 are detailed as follows (in EUR):

	<u>Land & Buildings</u>	<u>Machinery & vehicles</u>	<u>Other equipment</u>	<u>Construction- in-progress</u>	<u>Total</u>
Gross value					
Opening balance at					
1 January 2017	471 841 669	1 505 198	61 625	0	473 408 492
Additions	524 214	39 118	2 692	0	566 024
Disposals	0	0	-197	0	-197
Closing balance at					
31 December 2017	472 365 883	1 544 316	64 120	0	473 974 319
Additions	394 448	280 408	1 009	345 965	1 021 830
Disposals	0	0	0	-125 995	-125 995
Closing balance at					
31 December 2018	472 760 331	1 824 724	65 129	219 970	474 870 154
Accumulated depreciation					
Opening balance at					
1 January 2017	245 204 804	1 329 013	51 774	0	246 585 591
Depreciation- straight line method	23 308 173	85 021	4 895	0	23 398 089
Disposals	0	0	-197	0	-197
Closing balance at					
31 December 2017	268 512 977	1 414 034	56 472	0	269 983 483
Depreciation- straight line method	23 332 416	49 638	4 109	0	23 386 163
Disposals	0	0	0	0	0
Closing balance at					
31 December 2018	291 845 393	1 463 672	60 581	0	293 369 646
Net Book Value at					
31 December 2017	203 852 906	130 282	7 648	0	203 990 836
Net Book Value at					
31 December 2018	180 914 938	361 052	4 548	219 970	181 500 508

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6. FINANCIAL INVESTMENTS

In line with its Financial Model, the Company is providing a loan facility to its Shareholders from its surplus cash, in proportion to their shareholdings.

Any amount (interest plus principal) payable under this upstream loan facility may, at the election of either party, be offset against any dividend which is declared to the borrower in its capacity as Shareholder of the Company.

Accordingly, the changes in long-term loans during 2017 and 2018 were as follows (in EUR):

Opening balance at 1 January 2017	6 536 966
Offset against dividend payable on 23 Febr 2017	-6 536 966
New loans advanced in October 2017	<u>4 036 030</u>
Closing balance at 31 December 2017	4 036 030
Offset against dividend payable on 14 Febr 2018	<u>-4 036 030</u>
Closing balance at 31 December 2018	<u>0</u>

The final maturity of the facilities is the date on which the Concession Agreement expires, i.e. in October 2026. The floating interest rates of the loans are linked to the applicable interbank rate (12M Euribor) (see Point 8).

7. RECEIVABLES

As of 31 December 2017 and 31 December 2018, the Other receivables mainly included overpayment of various taxes.

8. PREPAYMENTS

As of 31 December 2017 and 31 December 2018 the not invoiced income items were as follows (in EUR):

	2017.12.31	2018.12.31
Availability fee from NFM	8 650 043	8 887 229
Leaseholding fee and overweight fee	77 630 0	97 953
Interest on upstream loans	8 427 0	0
Interest on current accounts and bank deposits	<u>0 0</u>	<u>0</u>
Total	<u>8 736 100</u>	<u>8 985 182</u>

In accordance with the VAT law, receivables from the legal successors of GKM, the Ministry of National Development („NFM”) and the Prime Minister’s Office as of 31 December 2017 and 31 December 2018 are not recorded as Accounts Receivable, but included as deferred income.

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As of 31 December 2017 and 31 December 2018 prepayments of costs were as follows (in EUR):

	2017.12.31	2018.12.31
Deferred concession fee	8 121 662	7 195 867
Insurance premium	37 580	38 004
Other	<u>5 946</u>	<u>2 013</u>
Total	<u>8 165 188</u>	<u>7 235 884</u>

The deferred part of the additional concession fee paid to NFM and the Prime Minister's Office (see Point 11) in accordance with the second amendment of Concession Agreement is recorded among Prepayments. This concession fee is deferred over the concession period (until 2026) and charged as an expense on a straight line basis.

9. ISSUED CAPITAL

The respective shareholdings as of 31 December 2018 were as follows (in EUR):

<u>"Shareholder"</u>	<u>Amount</u>	<u>Portion</u>
M6 Duna B.V.	19 474 321	67.31%
Aberdeen Infrastructure (HoldCo) B.V.	5 786 462	20.00%
Intertoll Capital Partners B.V.	<u>3 671 527</u>	<u>12.69%</u>
Total	<u>28 932 310</u>	<u>100%</u>

10. SUBORDINATED LIABILITIES

The Shareholders provided subordinated loans totalling to 18 420 792 EUR to the Company, in proportion to their shareholdings. The loans expire in October 2026. The interest on these loans is linked to the Company's EBIT (6%) and payable semi-annually.

11. LONG-TERM LIABILITIES

As of 31 December 2017, the outstanding debts with maturity over one year were as follows:

<u>Lender</u>	<u>Type of debt</u>	<u>Expiry date</u>	<u>Total original facility</u>	<u>Outstanding amount LT portion</u>
EIB	Loan	2025.03.31	200 000 000 €	92 337 466 €
Noteholders	Notes	2025.03.31	212 000 000 €	61 907 724 €
Total				<u>154 245 190 €</u>

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Supplementary Notes for 2018

As of 31 December 2018, the outstanding debts with maturity over one year were as follows:

Lender	Type of debt	Expiry date	Total original facility	Outstanding amount LT portion
EIB	Loan	2025.03.31	200 000 000 €	74 094 733 €
Noteholders	Notes	2025.03.31	212 000 000 €	49 676 873 €
Total				123 771 606 €

Interest and principal repayments on the EIB loan and the Notes are due semi-annually on each 31 March and 30 September. Accordingly, the repayments due on the EIB loan and the Notes in 2019 have been reclassified to Short-term credits (see Point 12).

The floating interest rates of the EIB loan and the Notes are linked to the applicable interbank rate (6M Euribor). The entire debt service under the EIB loan and the Notes is guaranteed by the monoline insurer Assured Guaranty (Europe) Ltd. (formerly called: Financial Security Assurance UK Ltd.).

However, the effective interest charge on the EIB loan and the Notes are fixed for the whole term via swap deals concluded with BNP Paribas SA (Paris). The notional amounts of the swaps follow the repayment profile of the loan and the Notes.

In 2018 the Company paid a net amount of 7 467 829 EUR on the interest swaps and incurred a net loss of 7 189 585 EUR as difference between the fixed and floating rates of these swaps.

The EIB loan and the Notes are guaranteed by the Company's shares held in custody. All the assets and future receivables of the Company are pledged as security for these borrowings as well.

Upon refinancing, the Company made an obligation to pay in total 19 013 067 EUR of additional concession fee to GKM at predetermined dates, ending on 30 September 2024. Up to 31 December 2018, 12 213 554 EUR of that has been paid to GKM in total.

Of the remaining 6 799 513 EUR liability, the scheduled payments in 2019 (in total 215 079 EUR) are reclassified to Other short-term liabilities as of 31 December 2018.

12. SHORT-TERM CREDITS

The short-term credits as of 31 December 2017 were as follows:

Lender	Type of debt	Expiry date	Total original facility	Outstanding amount
EIB	Loan	2025.03.31	200 000 000 €	16 282 540 €
Noteholders	Notes	2025.03.31	212 000 000 €	10 916 652 €
Total				27 199 192 €

The short-term credits as of 31 December 2018 were as follows:

Lender	Type of debt	Expiry date	Total original facility	Outstanding amount ST portion
EIB	Loan	2025.03.31	200 000 000 €	18 242 720 €
Noteholders	Notes	2025.03.31	212 000 000 €	12 230 851 €
Total				30 473 571 €

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13. ACCRUALS

As of 31 December 2017 and 31 December 2018 accruals included the following items (in EUR):

	2017.12.31	2018.12.31
Accrued income from "deemed operation"	4 081 306	3 605 048
Accrued interest & swap costs and guarantee fee	2 455 027	2 187 008
Accrued income from petrol station leaseholding contracts	2 152 711	1 943 777
Guarantee payment to cover defect rectification	1 704 505	1 594 451
Motorway operation & maintenance cost	525 380	526 414
Legal advisory fees	1 000	20 000
Technical and financial advisory fees	15 761	18 055
Audit fee	15 386	14 555
Seconded director's fee	10 588	10 842
Other	4 520	11 307
Total	<u>10 966 184</u>	<u>9 931 457</u>

The above accrued leaseholding income and the accrued income from "deemed operation" is released to profit and loss on a straight line basis over the remaining part of the concession period.

The guarantee payments are released to profit and loss in line with the yearly actual defect rectification costs (see Point 15).

14. NET SALES

Net sales in 2017 and 2018 consisted of the following items (in EUR):

	2017	2018
Availability fee income	51 838 094	52 702 764
Released income of "deemed operation"	464 705	464 705
Leaseholding income	351 028	364 396
Secondment fee income	141 064	133 621
Other operational income from the motorway	89 901	113 285
Reinvoiced items	198 902	80 366
Total	<u>53 083 694</u>	<u>53 859 137</u>

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15. OTHER REVENUES

Other revenues in 2017 and 2018 consisted of the following items (in EUR):

	2017	2018
Released guarantee payment	212 749	110 054
Previous year's corporate tax credit	138 136	74 579
Proceeds from sales of fixed assets	65	0
Other	5	9
Total	<u>350 955</u>	<u>184 642</u>

16. VALUE OF RENDERED SERVICES

The value of rendered in 2017 and 2018 consisted of the following items (in EUR):

	2017	2018
Concession fee	949 900	949 919
Legal, technical & financial advisory cost	162 690	232 476
Defect rectification cost	213 495	110 054
Seconded officers' fees	99 102	101 643
Vehicle rental	45 554	37 393
Office rent	24 878	25 046
Audit fee	25 476	23 951
Bookkeeping, payroll calculation etc.	15 815	15 741
Other	25 522	28 863
Total	<u>1 562 432</u>	<u>1 525 086</u>

17. VALUE OF OTHER SERVICES

Other services in 2017 and 2018 consisted of the following items (in EUR):

	2017	2018
Insurance premiums	192 629	191 510
Bank charges	6 017	6 127
Authority fees	1 591	111
Total	<u>200 237</u>	<u>197 748</u>

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18. OTHER EXPENSES

Other in 2017 and 2018 consisted of the following items (in EUR):

	2017	2018
Local business tax	922 582	938 407
Innovation contribution	151 661	154 275
Donations	1 951	1 888
Book of value of sold fixed assets	0	0
Other	2 227	8 427
Total	<u>1 078 421</u>	<u>1 102 997</u>

19. STAFF

The average statistical staff number for 2017 and 2018 was 4.92 and 4.60 persons, respectively. At the end 2017 and 2018 as well the Company had 5 employees, working in intellectual jobs. One of them is currently on maternity leave.

20. BOARD OF DIRECTORS, SUPERVISORY BOARD

No remuneration, advances or loan were provided by the company to the members of the Board of Directors or the Supervisory Board in 2017 and 2018.

The original Hungarian version of this annual report has been signed by:
Marc Hörnig – Chairman of the Board of Directors
Fáskerti Zsolt – Member of the Board of Directors

Their business address is 1117 Budapest, Fehérvári út 50-52.

The person in charge of bookkeeping is Fodor-Szathmáry Zsófia, who is a registered accountant at the Ministry of Finance under the registration number 198600.

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21. CORPORATE TAX

The following is the calculation of the corporate tax charge for 2017 and 2018 (in EUR):

	2017	2018
Profit before tax	14 284 172	15 838 824
<u>Adjusting items:</u>		
Proportional part of previous years' unrealised foreign exchange gain	1 219 436	1 229 802
Difference in net book value of disposed assets under statutory and tax accounts	179	-25 775
Non-deductible expenses	990	189
Allowable donation	-387	-373
Previous year's tax credit	-137 566	-76 559
	<u>15 366 824</u>	<u>16 966 108</u>
Corporate tax base for 9% rate		
Corporate tax payable	<u>1 383 014</u>	<u>1 526 950</u>

22. DIVIDEND DECLARATION

The Board of Directors proposes to the Shareholders to declare part of the profit after tax for the year 2018 as dividend and to transfer the remaining part to Retained Earnings, on their Annual General Meeting.

Budapest, 5 February 2019

BUSINESS REPORT FOR 2018

M6 Duna Autópálya Koncessziós Zrt. (the “Company”) was founded on 7 October 2004. The Company is a private company limited by shares, established for a fixed term of 22 years, which is the concession period as set out in the Concession Agreement concluded with the Hungarian State.

In accordance with the Concession Agreement, the Company is engaged in the design, construction, renovation, operation and maintenance of the 58.6 km long section of the M6 Motorway between Érdi tető and the intersection of the M6 and M8 Motorways at Dunaújváros, and the financing of the above activities.

The construction works started in October 2004. The interim completion – so the opening of the motorway – took place on 11 June 2006. The relevant Traffic Authority issued the final licence to operate on 31 October 2006. The Final Acceptance Certificate issued by the Minister of Economy and Transport –acting on behalf of the Hungarian State – became effective on 13 December 2006. On 31 March 2010 the further sections of the M6 Motorway has been opened for traffic. Consequently, the M6 Motorway gives direct access to the city of Pécs.

In the 12.5 years that elapsed since the opening, the motorway has been operated in an orderly manner, without significant performance point events or unavailability incidents. The motorway is properly operated, maintained etc., in accordance with the routine maintenance plans and Hungarian road standards, by our operation subcontractor, Duna-Intertoll Zrt. The contract with Duna-Intertoll Zrt. is valid until the end of 2020.

The operation of the motorway is regularly checked by the relevant Hungarian authorities.

During the term of the concession, the Company is entitled to possess and utilize certain assets under exclusive state property (e.g. main road) and to receive the benefits deriving from those assets. Accordingly, the Company receives revenues starting from 11 June 2006, in the form of monthly availability fees paid by the Hungarian State, calculated with the formulas set out in the Concession Agreement. These fees have been fully received and in time in 2018 as well.

In addition, the ancillary facilities of the motorway also generate revenues for the Company. Accordingly, 2*2 petrol stations are operated by MOL and OMV, respectively, in the Complex Rest Areas at km 30 and 70 of the motorway.

The Company has fulfilled its debt service obligations in 2018 as well, in full compliance with the credit agreements.

The Aberdeen investment group and EBRD are committed to the long-term successful and efficient operation of the Company.

Budapest, 5 February 2019