11675341-3510-113-08
Statistical Code

08-09-019413
Corp. Reg. Nr.

Győri Erőmű Kft.

name

9027 Győr Kandó Kálmán út 11-13.
address

31st December 2018

Simplified Annual Financial Statements

Budapest, 28th March 2019.

Deloitte Auditing and Consulting Ltd.
Dózsa György út 84/C.
1068 Budapest, Hungary
Postal address:
1438 Budapest, P.O.Box 471, Hungary

Tel: +36 (1) 428-6800
Fax: +36 (1) 428-6801
www.deloitte.hu

Registered by the Capital Court of Regsitration:
Company Registration Number: 01-09-071057

VAT ID: 10443785-2-42
EU VAT ID: HU10443785

Translation of the Hungarian original

INDEPENDENT AUDITOR'S REPORT

To the Quotaholder of Győri Erőmű Kft.

Opinion

We have audited the simplified financial statements of Győri Erőmű Kft. (the „Company") for the year 2018 which comprise the balance sheet as at December 31, 2018 − which shows total assets of thHUF 1.064.772 and loss after tax for the year of thHUF 83.106 −, as well as the related profit and loss account for the year then ended and the notes to the simplified financial statements including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits. Our responsibilities under these standards are further described in the "*The Auditor's Responsibilities for the Audit of the Simplified Financial Statements*" section of our report.

We are independent of the Company in compliance with the relevant effective Hungarian regulations and the "Rules of conduct (ethical rules) of the auditor profession and the disciplinary process" of the Chamber of Hungarian Auditors and, in respect of matters not regulated therein, the "Code of Ethics for Professional Accountants" (the IESBA Code) issued by the International Ethics Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with the same ethical requirements.

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

Responsibilities of Management and Those Charged with Governance for the Simplified Financial Statements

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

In preparing the simplified financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern principle, and preparing the simplified financial statements using the going concern basis of accounting. Management must apply the going concern principle, 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.

The Auditor's Responsibilities for the Audit of the Simplified Financial Statements

Our objectives during the audit are to obtain reasonable assurance about whether the simplified financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue, on the basis of the above, 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 the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and they 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 simplified financial statements.

As part of an audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the simplified 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 preparation of the simplified financial statements in accordance with the going concern principle 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 the auditor's report to the related disclosures in the simplified financial statements or, if such disclosures are inadequate, to modify the 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 simplified financial statements, including the disclosures, and whether the simplified 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 the Company's internal control that we identify during the audit.

Other reporting obligation regarding the divisional financial statements

In accordance with Section 105/A (1) of Act LXXXVI of 2007 on Electricity and Section 18/B (1) of Act XVIII of 2005 on District Heat Supply, we reviewed Note IX of the notes to the simplified financial statements for 2018, Activity reports, which presents the distribution of activities for accounting purposes.

The management is responsible for developing and applying an accounting policy for the distribution of activities, and the pricing of the individual activities to avoid cross-financing between the various divisions of the company, as well as for disclosing the individual activities separately in accordance with Section 105 (2)-(4) of Act LXXXVI of 2007 on Electricity and Section 18/A (2)-(4) of Act XVIII. of 2008 on District Heat Supply.

We are responsible for issuing a report on the information in Note IX. The review was conducted in accordance with the Hungarian International Standard on Review Engagements no. 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. Such a review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The review is of significantly limited scope compared to an audit performed in line with the auditing standards; therefore we were unable to obtain assurance to have reviewed all significant matters that would potentially be identified in the course of an audit. Accordingly, we shall not issue an audit report.

Based on the review no facts or circumstances came to our attention that would cause us to believe that the accounting rules applied by the Company or the information disclosed in Note IX would not be in line with the provisions of the Accounting Act in all material respects, the provisions of Section 105 (2)-(4) of Act LXXXVI of 2007 on Electricity, the provision of Section 18/A (2)-(4) of Act XVIII. of 2008 on District Heat Supply and recommendations issued by the Hungarian Energy and Public Utility Regulatory Authority on the unbundling of activities and avoidance of cross-financing.

Budapest, April 3, 2019

The original Hungarian version has been signed.

....	....
Horváth Tamás	dr. Hruby Attila
Deloitte Auditing and Consulting Ltd.	Statutory registered auditor
1068 Budapest, Dózsa György út 84/C.	Registration number: 007118
Registration number: 000083	

Győri Erőmű Kft. **11675341-3530-113-08** **08-09-019413** 2018. december 31.
Balance Sheet Statistical code Company reg. Nr.

Assets *Data in THUF*

Nr.	Description	31. Dec 2017.	31. Dec 2018.
1	**A. NON-CURRENT ASSETS**	**1 038 057**	**949 229**
2	I. INTANGIBLE ASSETS	66	0
3	II. TANGIBLE ASSETS	952 411	949 229
4	III. FINANCIAL INVESTMENTS	85 580	0
5	**B. CURRENT ASSETS**	**126 773**	**103 420**
6	I. INVENTORIES	22 823	18 302
7	II. RECEIVABLES	58 666	48 941
8	III. MARKETABLE SECURITIES	0	0
9	IV. LIQUID ASSETS	45 284	36 177
10	**C. PREPAID EXPENSES AND ACCRUED INCOME**	**5 681**	**12 123**
11	**TOTAL ASSETS**	**1 170 511**	**1 064 772**

Equity and Liabilities *Data in THUF*

Nr.	Description	31. Dec 2017.	31. Dec 2018.
12	**D. SHAREHOLDERS' EQUITY**	**505 202**	**422 096**
13	I. ISSUED CAPITAL	68 310	68 310
14	*thereof: treasury shares repurchased at face value*	0	0
15	II. ISSUED BUT NOT PAID CAPITAL (-)	0	0
16	III.CAPITAL RESERVES	517 813	517 813
17	IV. ACCUMULATED PROFIT RESERVE	- 20 488	- 80 921
18	V. NON-DISTRIBUTABLE RESERVES	0	0
19	VI. REVALUATION RESERVE	0	0
20	VII. PROFIT AFTER TAX	- 60 433	- 83 106
21	**E. PROVISIONS**	**0**	**0**
22	**F. LIABILITIES**	**607 991**	**587 088**
23	I. SUBORDINATED LIABILITIES	0	0
24	II. LONG TERM LIABILITIES	507 067	507 000
25	III. SHORT TERM LIABILITIES	100924	80 088
26	**G. ACCRUED EXPENSES AND DEFERRED INCOME**	**57 318**	**55 588**
27	**TOTAL LIABILITIES AND SHEREHOLDERS' EQUITY**	**1 170 511**	**1 064 772**

Budapest, 28th March 2019.

Oláh János **Varga Viktor**
Directors of the Company

Translation only - in case of any difference the Hungarian original prevails

Győri Erőmű Kft. **11675341-3530-113-08** **08-09-019413**

P/L Statement Statistical code Company reg. Nr.

Data in THUF

Nr.	Description	2017.01.01. - 2017.12.31.	2018.01.01. - 2018.12.31.
I.	**NET SALES REVENUES**	**303 885**	**290 051**
II.	**CAPITALISED VALUE OF OWN PERFORMANCE**	**0**	**0**
III.	**Other revenues**	**20 166**	**16 504**
	of which: reversal of impairment loss provision	0	0
IV.	**MATERIAL TYPE EXPENDITURES**	**292 422**	**305 257**
V.	**PAYMENTS TO PERSONNEL**	**37**	**33**
VI.	**DEPRECIATION CHARGE AND AMORTIZATION**	**40 286**	**39 776**
VII.	**Other expenses**	**36 818**	**29 081**
	of which: impairment loss provision	1 350	0
A.	**PROFIT ON OPERATIONG ACTIVITIES** (I.±II.+III.-IV.-V.-VI.-VII.)	**- 45 512**	**- 67 592**
VIII.	**Financial revenues**	**1 576**	**1 336**
IX.	**Financial expenses**	**16 497**	**16 850**
B.	**PROFIT ON FINANCIAL ACTIVITIES** (VIII.-IX.)	**- 14 921**	**- 15 514**
C.	**NET PROFIT BEFORE TAXATION (±A.±B.)**	**- 60 433**	**- 83 106**
X.	**Tax liability**	0	**0**
D.	**PROFIT AFTER TAX (±C.-X)**	**- 60 433**	**- 83 106**

Budapest, 28th March 2019.

Oláh János **Varga Viktor**

Directors of the Company

Translation only - in case of any difference the Hungarian original prevails

Győri Erőmű Kft. **11675341-3530-113-08** **08-09-019413** 2018. december 31.

Balance Sheet Statistical code Company reg. Nr.

Assets *Data in THUF*

Nr.	Description	31. Dec 2018.	Electricity	Heat	Other
1	**A. NON-CURRENT ASSETS**	**949 229**	**292 705**	**66 568**	**589 956**
2	I. INTANGIBLE ASSETS	0	0	0	0
3	II. TANGIBLE ASSETS	949 229	292 705	66 568	589 956
4	III. FINANCIAL INVESTMENTS	0	0	0	0
5	**B. CURRENT ASSETS**	**103 420**	**19 118**	**6 683**	**77 619**
6	I. INVENTORIES	18 302	5 027	1 369	11 906
7	II. RECEIVABLES	48 941	8 073	3 214	37 654
8	III. MARKETABLE SECURITIES	0	0	0	0
9	IV. LIQUID ASSETS	36 177	6 018	2 100	28 059
10	**C. PREPAID EXPENSES AND ACCRUED INCOME**	**12 123**	**10 727**	**209**	**1 187**
11	**TOTAL ASSETS**	**1 064 772**	**322 550**	**73 460**	**668 762**

Equity and Liabilities *Data in THUF*

Nr.	Description	31. Dec 2018.	Electricity	Heat	Other
12	**D. SHAREHOLDERS' EQUITY**	**422 096**	**134 101**	**17 200**	**270 795**
13	I. ISSUED CAPITAL	68 310	20 030	5 980	42 300
14	*thereof: treasury shares repurchased at face value*	0			
15	II. ISSUED BUT NOT PAID CAPITAL (-)	0			
16	III.CAPITAL RESERVES	517 813	151 834	45 332	320 647
17	IV. ACCUMULATED PROFIT RESERVE	- 80 921	- 23 728	- 7 084	- 50 109
18	V. NON-DISTRIBUTABLE RESERVES	0			
19	VI. REVALUATION RESERVE	0			
20	VII. PROFIT AFTER TAX	- 83 106	- 14 035	- 27 028	- 42 043
21	**E. PROVISIONS**	**0**	0	0	**0**
22	**F. LIABILITIES**	**587 088**	**172 149**	**51 394**	**363 545**
23	I. SUBORDINATED LIABILITIES	0	0	0	0
24	II. LONG TERM LIABILITIES	507 000	148 665	44 385	313 950
25	III. SHORT TERM LIABILITIES	80088	23 484	7 009	49 595
26	**G. ACCRUED EXPENSES AND DEFERRED INCOME**	**55 588**	**16 300**	**4 866**	**34 422**
27	**TOTAL LIABILITIES AND SHEREHOLDERS' EQUITY**	**1 064 772**	**322 550**	**73 460**	**668 762**

Budapest, 28th March 2019.

Translation only - in case of any difference the Hungarian original prevails

Győri Erőmű Kft. **11675341-3530-113-08** **08-09-019413**
P/L Statement Statistical code Company reg. Nr.

Data in THUF

Nr.	Description	Total 2018	Electricity	Heat	Other
I.	**NET SALES REVENUES**	**290 051**	**48 249**	**16 839**	**224 963**
II.	**CAPITALISED VALUE OF OWN PERFORMANCE**	**0**	**0**	**0**	**0**
III.	**Other revenues**	**16 504**	**11 883**	**692**	**3 929**
	of which: reversal of impairment loss provision	0	0	*0*	0
IV.	**MATERIAL TYPE EXPENDITURES**	**305 257**	**49 674**	**38 976**	**216 607**
V.	**PAYMENTS TO PERSONNEL**	**33**	**5**	**2**	**26**
VI.	**DEPRECIATION CHARGE AND AMORTIZATION**	**39 776**	**9 535**	**2 833**	**27 408**
VII.	**Other expenses**	**29 081**	**12 372**	**1 848**	**14 861**
	of which: impairment loss provision	0			
A.	**PROFIT ON OPERATIONG ACTIVITIES** (I.±II.+III.-IV.-V.-VI.-VII.)	**- 67 592**	**- 11 454**	**- 26 128**	**- 30 010**
VIII.	**Financial revenues**	**1 336**	**222**	**78**	**1 036**
IX.	**Financial expenses**	**16 850**	**2 803**	**978**	**13 069**
B.	**PROFIT ON FINANCIAL ACTIVITIES** (VIII.-IX.)	**- 15 514**	**- 2 581**	**- 900**	**- 12 033**
C.	**NET PROFIT BEFORE TAXATION (±A.±B.)**	**- 83 106**	**- 14 035**	**- 27 028**	**- 42 043**
X.	**Tax liability**	0			
D.	**PROFIT AFTER TAX (±C.-X)**	**- 83 106**	**- 14 035**	**- 27 028**	**- 42 043**

Budapest, 28th March 2019.

Translation only - in case of any difference the Hungarian original prevails

I PRESENTATION OF THE COMPANY

Key information concerning the Company	
Name	Győri Erőmű Korlátolt Felelősségű Társaság
Registered office	H-9027 Győr, Kandó Kálmán u. 11-13
Company registration number	08-09-019413
Tax number	11675341-2-08
Core business	NACE 3511 - Production of electricity
Capital stock on 1/1/2018	HUF 68,310 thousand
Capital stock on the reporting date	HUF 68,310 thousand
Chosen auditor	Deloitte Könyvvizsgáló és Tanácsadó Kft.

Győri Erőmű Kft. is a single-member company owned by ALTEO Energiaszolgáltató Nyrt. (company registration number: 01-10-045985). The Company was established on December 31, 2009 by way of transformation, and in line with the provisions of the Business Associations Act and the Accounting Act, it commenced its economic activities in its current form on January 1, 2010.

ALTEO Nyrt., as parent company, is obligated to prepare a consolidated annual report compiled in accordance with the IFRSs and a consolidated business report. In accordance with Section 10 (2) of the effective Act C of 2000 on Accounting, the parent company complies with its consolidation obligation by publishing a report and a management report compiled in accordance with the IFRSs. The report of ALTEO Nyrt. prepared in accordance with the above can be viewed on the website of the Budapest Stock Exchange and on ALTEO Nyrt.'s own website (www.alteo.hu).

ALTEO Nyrt. and its scope of consolidation is covered by the consolidated annual report prepared by Wallis Portfolió Kft. in accordance with the Accounting Act. The consolidated report of the superior parent company can be viewed at the registered office of Wallis Portfolió Kft. (H-1055 Budapest, Honvéd u. 20).

The Company publishes its simplified annual report on the electronic reporting portal operated by the Ministry of Justice (www.e-beszamolo.im.gov.hu).

II ACCOUNTING SYSTEM, ACCOUNTING POLICY

a) General information

The Company prepares a simplified annual report and, accordingly, maintains its books in conformity with the rules of double entry book-keeping.

The business year of the Company coincides with the calendar year. The date of the preparation of financial statements is January 31 of the year following the subject year.

The simplified annual report is prepared in compliance with the Hungarian Accounting Act, using the cost principle.

Pursuant to Section 155 of the Accounting Act, the Company is subject to an audit requirement; its chosen auditor is Deloitte Könyvvizsgáló és Tanácsadó Kft. The person responsible for auditing is Dr. Attila Hruby (Chamber of Auditors membership number: 007118).

The Company prepares its simplified annual report in conformity with Section 96 (1) of the Accounting Act, with the statement of financial position prepared in the structure required for version "A" set forth in Appendix 1 to the Accounting Act, with the simplification that it only contains the items indicated in capital letters and Roman numerals. The Company prepares a version "A" statement of profit or loss using the total cost method, with the simplification that it only contains the items indicated in capital letters and Roman numerals.

Apart from the exceptions highlighted, data in the simplified annual report are expressed in thousand forints.

János Oláh, managing director (H-3580 Tiszaújváros, Kosztolányi Dezső utca 5.) and Viktor Varga, managing director (H-3599 Sajószöged, Táncsics út 16.) are jointly authorized to sign the simplified annual report.

The person commissioned to control and lead the auditing tasks in accordance with Section 88 (9) of Act C of 2000: Gergely Zoltán Lakatos (H-1094 Budapest, Viola u. 43. 5. em. 4., registration number: 164933) as an employee of the company providing bookkeeping services.

The definition of material error is set out in the Accounting Policy. An error is regarded as material if in the year of its detection the aggregate value of errors and impacts of errors discovered by various audits and affecting a particular business year (separately for each year) that increase or decrease profit or loss, equity (irrespective of sign) is greater than 2 per cent of the total assets of the Company or, if 2 per cent of total assets does not exceed HUF 1 million, it is HUF 1 million. Section 3 (3).

An income or expenditure item can be considered to be of exceptional magnitude if it satisfies the following criteria:

– One-off significant, unpredictable item (e.g.: loss event)
– Unexpected, excessively change relative to previous years (e.g.: significant change in the portfolio of contracts)

b) Valuation principles and procedures

Accounting for amortization

Fixed assets with a cost under HUF 100,000 are written off in all cases in one amount on the date of first use pursuant to the option provided in Section 80 (2) of the Accounting Act.

In case of fixed assets with an initial recognition cost above HUF 100,000, depreciation is established in the following steps:

1. establishment of the useful life of the asset;
2. estimation of the realizable value (as residual value) at the end of its useful life.

For assets used for its core business, the Company specifies a residual value depending on the nature and use of the specific assets, using estimates based on technical information and market intelligence. Other asset categories represent an immaterial portion within the aggregate value of fixed assets; consequently, their residual value is also zero.

The depreciation charge is based on gross value as depreciable initial recognition cost. The initial recognition cost is depreciated using rates established taking into account period of use and useful life, with the straight-line or the hours-of-service method.

The depreciation charge is recognized as a cost from the first day of the month after the asset is first used for its intended purpose (is commissioned).

The Company regards the date of first use for the intended purpose or installation to be the completion of the successful trial run, or the first day of commercial operation.

Valuation of inventories

Purchased inventories are measured at purchase price.

The initial recognition cost is the value calculated in accordance with Section 47 (1) to (4) of the Accounting Act: purchase price adjusted for related (ancillary) items.

If no invoice is received by the time of delivery to the warehouse, the inventory is initially measured based on the items known from the contract (order) in compliance with Section 47 (9) of the Accounting Act and, when the invoice is received, the difference,

- if significant, is used to modify initial recognition cost,
- if not significant, is recorded through the price difference account as other income or other expenditure.

In accordance with the accounting principles, the Company maintains records in value terms only.

Valuation of receivables

Receivables are measured individually. Individual measurement is based on item-by-item records.

Impairment and the reversal of impairment losses of receivables and receivable-type assets are recognized in accordance with Section 55 of the Accounting Act.

Recognition of exchange rate changes

Upon acquisition:

- all FX assets and FX liabilities relating to the date of performance of the contract or the date of acquisition are converted into HUF using the official foreign exchange rate published by the MNB (Central Bank of Hungary).

Upon financial settlement:

- liabilities and receivables are converted into HUF at the official foreign exchange selling rate or buying rate, respectively, published by the financial institution executing the financial transaction.

Valuation at the end of the reporting period:
Assets and liabilities denominated in foreign currency must be re-valued using the official exchange rates of the Central Bank of Hungary published on the last day of the reporting period.
Recognition of the aggregate revaluation difference:

- In case of exchange rate losses: other expenses of financial transactions,
- In case of exchange rate gains: other incomes of financial transactions.

c) Fixed assets

Fixed assets are recognized in the statement of financial position at cost and/or production cost less accumulated depreciation.

In respect of fixed assets - with the exception of gas engines - and intangible assets, the Company uses the method of straight-line depreciation on gross asset value. The amortization of gas engines is booked in proportion to production, by taking service hours completed into account. Reasons for the methods applied:

- The factor with the greatest impact on the useful life of gas engines is the number of planned service hours. Wear and tear occurs in proportion to the performance completed.
- In the case of the technological equipment used for energy production, the straight-line depreciation method used for other assets generally provides an accurate reflection of physical and moral depreciation.
- It simplifies the planning of depreciation.

Depreciation rates are determined on the basis of expected useful life.

d) Receivables

The Company measures receivables on an individual basis. Individual measurement is supported by item-by-item records.

e) Revenue

The net revenue from sales is recognized at the time of performance, without VAT. The Company records as revenue the amount stated on invoices calculated and issued in the manner specified in the service contract and accepted by the customer. The Company recognizes revenue invoiced by the end of the year but relating to the business year in question from the perspective of performance as accrued income in the statement of financial position.

f) Corporate tax

Corporate tax is recognized through profit or loss in accordance with tax legislation in effect in the subject year.

g) Changes in the accounting policy and accounting estimations

There were no changes in the accounting policy of the Company during the year.

III ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

a) Intangible assets and Fixed assets

Growth in the subject year is primarily due to the renovation of gas engines, which in part will be capitalized in 2019.

b) Non-current financial assets

The Company had no non-current financial assets as at December 31, 2018.

c) Current assets

The composition of the Company's current assets changed as follows:

data in thousand HUF	12/31/2017	12/31/2018
TOTAL INVENTORIES	**22,823**	**18,302**
Trade receivables	31,749	38,462
Receivables from affiliated companies	13,559	0
Other receivables	13,358	10,479
TOTAL RECEIVABLES	**58,666**	**48,941**
Bank account	45,284	36,177
TOTAL LIQUID ASSETS	**45,284**	**36,177**
TOTAL CURRENT ASSETS	**126,773**	**103,420**

Other receivables are made up of reclaims and overpayments of various tax types both in the subject year and the previous year.

d) Accrued income and deferred charges

The accrued income and deferred charges line shows the capacity premium, the produced electricity and regulatory capacity fee for December 2018 from Sinergy Energiakereskedő, the prorated portion of the 2019 insurance paid in 2018 and the amount of the gas network usage fee for January 2019.

data in thousand HUF	12/31/2017	12/31/2018
Accrued income in the subject year	3,129	10,473
Soproni Erőmű Kft. accrued interest	738	0
Accrued revenue	**3,867**	**10,473**
Accrued expenses for the next year	1,814	1,650
Accrued expenses	**1,814**	**1,650**
Accrued income and deferred charges	**5,681**	**12,123**

e) Equity

data in thousand HUF	Issued capital	Capital reserve	Retained earnings	Profit after taxes
Opening balance as at 1/1/2018	68,310	517,813	-20,488	-60,433
Profit transfer	0	0	-60,433	60,433
Subject year profit or loss	0	0	0	-83,106
Closing balance as at 12/31/2018	**68,310**	**517,813**	**-80,921**	**-83,106**

The profit and loss after taxes for 2018 is HUF -83,106 thousand, which is transferred by the Company to the retained earnings.

The Company has no treasury shares.

f) Provisions

No provisions were recognized in 2018. The Company did not need to set up special provisions for environmental purposes. The management of the Company established that the year-end amount of the CO_2 quota is not to be considered uncovered even though there is no CO_2 quota in stock.

g) Liabilities

The liabilities of the Company were as follows:

data in thousand HUF	12/31/2017	12/31/2018
Long-term loans	507,067	507,000
TOTAL LONG-TERM LIABILITIES	**507,067**	**507,000**
Trade payables	23,210	17,854
Short-term liabilities to affiliated companies	77,616	62,074
Other short-term liabilities	98	160
TOTAL SHORT-TERM LIABILITIES	**100,924**	**80,088**
LIABILITIES TOTAL	**607,991**	**587,088**

Győri Erőmű Kft. has a long-term loan debt to ALTEO Energiaszolgáltató Nyrt. Interest on the loan: 3-month BUBOR + 3% interest premium.

Short-term liabilities to affiliated companies shows liabilities arising from trade payables and services in the amount of HUF 52,803 thousand to ALTEO Nyrt. and HUF 9,271 thousand to Sinergy Energiakereskedő Kft.

h) Accrued expenses and deferred income

data in thousand HUF	12/31/2017	12/31/2018
Capacity fees for January	4,443	4,409
Income accruals	**4,443**	**4,409**
Assets taken over without charge	10,825	10,357
Deferred income (CO_2 quota)	1,908	1,077
Deferred income	**12,733**	**11,434**
Services used	19,178	30,918
Interests payable to other affiliated companies	16,004	1,043
Services used as provided by affiliated companies	4,960	7,784
Cost accruals	**40,142**	**39,745**
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME	**57,318**	**55,588**

The capacity fee for January 2019 was invoiced in 2018 in the amount of HUF 4,409 thousand, shown under income accruals. The amount of the CO_2 quota in a value of HUF 1,077 thousand and the value of assets taken over without charge amounting to HUF 10,357 thousand are recognized under accrued expenses and deferred income as deferred income. The amount of accrued services in the subject year was HUF 30,918 thousand, the main components of which are the gas costs for December, the CO_2 quota costs for 2018 and the unpaid amount of the auditor's fee. The accrual relating to services used as provided by affiliated companies shows the variable service fee, contingency fee and penalty payable to Sinergy Energiakereskedő Kft., ALTEO Energiakereskedő Zrt.'s electricity bill for December 2018, as well as the ad-hoc repair costs recharged by ALTEO Nyrt. The accrued interest payable to the affiliated company includes the unpaid interest on the loan outstanding to ALTEO Nyrt.

i) Revenue

data in thousand HUF	2017	2018
Capacity fee	132,270	134,228
Electricity sales, capacity and compensation fees	93,195	66,691
Heat sales	58,722	68,024
Rent	18,860	19,532
Other income	838	1,576
Net revenue from domestic sales	**303,885**	**290,051**

The Company generated no revenue from export sales.

j) Other revenues

data in thousand HUF	2017	2018
Penalties and default interest received	15,678	6,100
CO_2 quota	3,547	9,933
Subsidies and grants received	469	469
Other income	278	2
Provisions used	194	0
Other revenues	**20,166**	**16,504**

The amount received from Sinergy Energiakereskedő Kft. is shown on the "Penalties and default interest received" line.

k) Material expenses

Key components of material expenses:

data in thousand HUF	2017	2018
Gas costs	121,325	119,390
Other (electricity costs, water costs, heat)	17,030	16,063
Cost of raw materials	**138,355**	**135,453**
Operating, administration and maintenance fees paid to affiliated companies	108,743	111,945
Service and compensation fees	33,633	46,105
Auditor's fee	1,465	1,500
Other	6,366	6,288
Value of services used	**150,207**	**165,838**
Insurance	2,414	3,146
Other	1,446	785
Value of other services	**3,860**	**3,931**
Purchase value of goods sold	0	0
Value of services sold (intermediated)	0	35
Total material expenses	**292,422**	**305,257**

l) Personnel expenses

data in thousand HUF	2017	2018
Other personnel expenses	15	14
Wage contributions	22	19
Total personnel expenses	**37**	**33**

As of January 1, 2016, the Company has no employees. Personnel expenses include the personal income tax booked for telephones and the healthcare contribution.

m) Other expenditures

data in thousand HUF	2017	2018
Fines, default interest, penalties paid	18,893	1,649
Local tax paid	2,980	8,510
Other taxes and contributions	6,490	450
CO_2 quota	3,547	18,472
Impairment, extraordinary depreciation	1,350	0
Other	3,558	0
Other expenditure	**36,818**	**29,081**

n) Finance income

Key components of the Finance income include the following:

data in thousand HUF	2017	2018
Interest income from affiliated companies	1,267	1,081
Other interests received	25	27
Other incomes of financial transactions	284	228
Income from financial transactions	**1,576**	**1,336**
Interest payable to affiliated companies	16,004	16,558
Other expenditures of financial transactions	493	292
Expenditures of financial transactions	**16,497**	**16,850**
Financial profit	**-14,921**	**-15,514**

IV TRANSACTIONS WITH AFFILIATED PARTIES

During the year, the Company concluded the following transactions with its parent company:

data in thousand HUF	Balance as at 12/31/2018	Flows in 2018
Renovations	45,183	35,577
Management fees	0	30,842
Accounting	0	2,844
Operating fees	7,620	72,000
Gas engine repairs	0	6,258
Parent company (ALTEO Nyrt.)	**52,803**	**147,521**

In the view of the management of the Company, intercompany transactions with affiliated companies were priced on an arm's length basis.

V COMPANY MANAGEMENT, BOARD OF DIRECTORS, SUPERVISORY BOARD

In 2018 executive managers received no fees or other remuneration, and the Company did not extend to them any advances, loans or credit.

In 2018 the Company had no employees; the statistical headcount is zero.

VI LEGAL PROCEEDINGS

There are no ongoing legal proceedings against the Company.

VII Events after the reporting date

There were no events after the end of the reporting period that would have a significant impact on the financial statements of the Company as of December 31, 2018.

VIII Errors discovered, effects of errors

No errors pertaining to prior periods were discovered at the Company in 2018.

IX Activity reports

The applicable directives of the Hungarian Energy Office and the European Union stipulate that integrated electricity companies unbundle their accounts for their authorized activities as if they were carried out by companies with separate legal personalities.

Accordingly, as part of its accounting policy, Győri Erőmű Kft. has completed the recognition and distribution rules underlying its reports on
- electricity production
- heat energy production, service provision and
- other activities

The statement of financial position of the activity report of Győri Erőmű Kft.: on a separate sheet
The statement of profit or loss of the activity report of Győri Erőmű Kft.: on a separate sheet

Budapest, March 28, 2019

....	....
János Oláh	Viktor Varga
managing director	managing director