

Statistical code: 11683991-6810-114-01

Company registration number: 01-10-046538

Appennin Vagyonkezelő Holding Nyrt.

H–1022 Budapest, Bég utca 3–5.

SUPPLEMENTARY NOTES

**to the Annual Report
for the year of 2016
prepared in conformance to the Hungarian Accounting
Act**

Published: 28th April 2017

This report is a language translation of the Hungarian language report reviewed by the independent auditor. For the case of language translation differences the Hungarian language version prevails.

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General information on the Company

Appeninn Vagyonkezelő Holding Nyrt. The Company was founded on December 1, 2009. The Company was registered by the Company Registry Court on 7 December 2009 under company registration number Cg. 01-10-046538.

As part of a restructuring process, on 19 May 2011 Rotux Ltd (company registration number: 01-10-045553) merged into Appeninn Plc.

The annual report covers a 12-month period, starting on 1 January 2016 and ending on 31 December 2016. The report for the previous business year similarly pertained to a 12-month period from 1 January 2016 until 31 December 2015. The balance sheet date is 31.12.2016. The date for the preparation of the balance sheet is 7 March 2017.

Registered seat of the Company: H-1022 Budapest, Bég u. 3-5.

Website: <http://www.appeninn.hu>

Authorized representatives, members of the Board of Directors:

György Ádámosi Jr. – independent (from 05.08.2014)

Gábor Székely – joint (from 13.04.2013)

Lőrinc Éder – joint (from 12.04.2013)

Balázs Szabó – joint (from 12.04.2013)

Zoltán Prutkay - joint (from 18.05.2015)

Attila Gábor Kovács - joint (from 15.04.2016)

Main activities: '08 6810 Trading of own real-estate properties

Legal form of operation: Public Company Limited by Shares

Tax number: 11683991-2-41

Company registration number: 01-10-046538

Registered capital of the Company: increased by HUF 330,000,000 in 2016 (based on the resolution of the General Meeting on 20.05.2016, whereby the equity capital of the Company increased to HUF 3,980,000,000, consisting of 39,800,000 registered shares in total, with an individual face value of HUF 100, under ID no. HU0000102132. These shares are kept in circulation by Budapest Stock Exchange Ltd.

Name and address of the person authorized to sign the report:

Zoltán Prutkay – joint (H-1101 Budapest, Albertirsai út 6.)

Gábor Székely – joint (H-2750 Nagykőrös, Filő L. u. 20.)

The Company's accountant: KAT Ltd. H-1022 Budapest, Bég u. 3-5.

Report prepared by: Zoltán Szilasi, registered certified public accountant (license no.: 197528)

The Company's auditor: Alpine Audit Ltd. H-1026 Budapest, Pasaréti út 59. (registration number: 001145), auditor in charge of the performance of the audit: Gabriella Forgács, membership number at the Chamber of Auditors: 003228

1. Presentation of the Accounting policies

The Company has framed its accounting order with respect to the provisions of the Accounting Act and its amendments. Double-entry bookkeeping is used to keep the books of the Company.

The applied valuation procedures, accounting policies are as follows:

- a) The Company's accounting and reporting currency is Hungarian forint.
- b) Balance sheet date of the year of 2016: 31.12.2016
- c) Assets are recorded as individual items.
- d) Assets are recorded at their respective historical costs. Any decrease in the historical cost may cause the recognition of impairment losses on the basis of the individual valuation of the asset concerned. The Company applies depreciation to tangible assets to the extent permitted by the Accounting Act. The residual value of tangible and intangible assets affected by depreciation is zero.
- e) Based on Article 57 of the Accounting Act, self-revision statements are not justified for 2016.
- f) The Company recognizes tangible assets at their actual purchase or production prices.
- g) The receivables shall be stated in the balance sheet at their invoiced values that have been acknowledged (and not challenged) by the customer.
- h) The Company applies value adjustment to real-estate properties as the adjustment of the market value.
- i) HUF-based cash volumes shall be recognized in the balance sheet with respect to the amount of cash actually found in the petty cash of the Company. Cash amounts held in the HUF-denominated bank accounts shall be stated in the balance sheet in amounts reconciled on the basis of the bank's notice as of the balance sheet date.
- j) Liabilities are recorded at their respective book values.
- k) Closing balance sheet items in foreign currency will be converted at the middle exchange rate of the National Bank of Hungary at the balance sheet date.
- l) Regarding investments, investment valuation is performed annual, and the given book value is adjusted to the historical value of the investment by means of the recognition of impairment losses and writing back.
- m) The Company recognizes repurchased treasury shares at their average prices, and in the case of loss-type differences they shall be revaluated at the closing rate as of the balance sheet date.
- n) For any account receivable older than 365 days, 100% impairment loss shall be raised.
- o) Applied form of bookkeeping: double-entry bookkeeping.
- p) Accounting, invoicing, bank account management and registration of non-current assets are all performed within a closed business administration software. Economic events are booked by computerized means, in a closed bookkeeping program.
- q) Costs are accounted, and the profit & loss account is compiled with the total expenditure method (type "A").
- r) The requirements pertaining to the contents and substances of the annual report are set out in the Accounting Act, while the date for the preparation of the balance sheet can be decided by the Company at its own discretion with the additional condition that the annual report shall be prepared and deposited by 31 May following the year under review.
- s) Until the date for the preparation of the balance sheet, all the events that have become known, and relate to the business year shall be booked, and on the basis of the booked events the simplified annual report shall be elaborated from the data of the prepared general ledger statement.
- t) The amount and type of incomes, expenses and costs with exceptional amount or occurrence shall be presented in the supplementary report.
- u) The Company is obliged to have its accounts audited. The Company is obliged to prepare a consolidated report.

1 Analysis of the Company's financial and property status

1.1 BALANCE SHEET

	A" Fixed assets	THS HUF	THS HUF	
#	Title of the items	31st Dec. 2015.	31st Dec. 2016.	Notes under point 1
01	A. Non Current Assets	5 151 180	3 972 845	
10	II. TANGIBLE ASSETS	783 613	701 430	2
11	Land and buildings, and similar assets	683 367	678 687	2
13	Other fixtures and fittings, tools & equipment	813	1 635	2
17	Revaluation surplus on tangible assets	99 433	21 108	2
18	III. FINANCIAL INVESTMENTS	4 367 567	3 271 415	
19	Investments in companies held as fixed assets	3 213 375	2 831 415	3
20	Long term loan for related party (daughter company)	1 154 192	440 000	4
28	B. Current assets	2 540 689	4 716 365	
36	II. RECEIVABLES	1 869 196	3 953 428	
37	Trade accounts receivable	2 033	14 230	5
38	Accounts receivable from affiliated undertakings	1 788 831	3 267 838	6
42	Other receivables	78 332	671 360	7
43	III. MARKETABLE SECURITIES	664 669	690 235	
44	Shares in affiliated undertakings	-	144 000	8
47	Own shares	610 699	65 368	9
48	Treasury bonds and other negotiable bonds	53 970	480 867	10
49	IV. LIQUID ASSETS	6 824	72 702	
50	Cash, cheques	5 094	14	11
51	Bank deposits	1 730	72 688	11
52	C. Prepayments and accrued income	5 631	62 832	12
53	Accrued income	2 138	61 986	12
54	Prepaid expenses	3 493	846	12
56	TOTAL ASSETS	7 697 500	8 752 042	
	A" Balance Sheet- Equity and Liability	THS HUF	THS HUF	
#	Name of items	31st Dec. 2015.	31st Dec. 2016.	Notes under point 1
57	D. Equity	6 803 390	7 671 738	13
58	I. SUBSCRIBED CAPITAL	3 650 000	3 980 000	13
61	III. CAPITAL RESERVES	2 526 207	2 889 673	13
62	IV. RETAINED EARNINGS FROM PREVIOUS YEARS	(439 896)	462 382	13
63	V. RESTRICTED RESERVES	610 699	65 368	13
64	VI. REVALUATION RESERVE	99 433	21 108	13
	1. Revaluation of property plant and equipments	99 433	21 108	13
65	VII. PROFIT FOR THE PERIOD	356 947	253 207	13
66	E. Provisions for risk, liabilities and charges	-	-	
70	F. Liabilities	860 578	849 630	
71	I. SUBORDINATED LIABILITIES	-	-	
76	II. LONG TERM LIABILITIES	644 084	490 934	
79	Debts on the issue of bonds	619 680	466 530	14
82	Long term liabilities owed to affiliated undertakings	24 404	24 404	15
86	III. SHORT TERM LIABILITIES	216 494	358 696	
87	Short term loans from non credit institutions	-	150 000	14
91	Trade accounts payable	3 125	4 170	16
93	Short term liabilities owed to affiliated undertakings	119 847	106 780	17
96	Other short term liabilities	93 522	97 746	18
97	G. Accruals and deferred income	33 532	230 674	19
98	Prepaid income	544	156 370	19
99	Accrued expenses	32 988	74 304	19
101	TOTAL EQUITY & LIABILITIES	7 697 500	8 752 042	

1.2 Tangible assets

in Ths HUF

Description	Gross Value				Depreciation				Net value
	Opening value	Increase	Decrease	Closing Value	Opening value	Increase	Decrease	Closing Value	
						Planned			
Capitalized value of foundation and				-				-	-
Capitalized value of experimental				-				-	-
Valuable rights	6 173		6 173	-	6 173		6 173	-	-
Intellectual products				-				-	-
Business value or goodwill				-				-	-
Prepayments on intangible assets				-				-	-
Value adjustment of intangible assets				-				-	-
INTANGIBLE ASSETS	6 173	-	6 173	-	6 173	-	6 173	-	-
Land, buildings and associated valuable rights	704 296			704 296	20 929	4 680		25 609	678 687
Technical machinery, equipment, vehicles				-	-			-	-
Other equipment, machinery, vehicles	2 795	1 312		4 107	1 982	490		2 472	1 635
Breeding stock				-				-	-
Investments, reconstructions				-				-	-
Prepayments on tangible assets	-			-				-	-
Value adjustment of tangible assets	99 433		78 325	21 108	-			-	21 108
Small-value assets	2 489			2 489	2 489			2 489	-
TANGIBLE ASSETS	809 013	1 312	78 325	732 000	25 400	5 170	-	30 570	701 430
Grand total:	815 186	1 312	84 498	732 000	31 573	5 170	6 173	30 570	701 430

The amount of value adjustment registered for real-estate properties by the Company is HUF 21,108,000. The Company took the prices of real-estate properties determined in euro into account as either the associated market prices, or the valid option price – whichever is smaller –, and it amounted to EUR 2,250,000 as of 31.12.2016.*

At the end of each year, the Company determines the fair value of the real-estate properties. Besides the value estimate made by the Company, the portfolio value of the real-estate properties was reviewed by an independent appraiser appointed by the Company. The values determined by the independent appraiser are in line with the values presented in the financial statements. In 2014–2016, the independent appraiser appointed for such valuation was Jones Lang LaSalle Ltd (H–1051 Budapest, Széchenyi tér 7–8).

Principles of value appraisal:

In the case of completed investment properties, as well as for investment properties under development, where the respective fair values can be reliably determined, they are established on the basis of the fair market value approach of appraisals. For investment properties under development, where the fair values cannot be reliably determined (due to low completion level, the unique character of the property and/or the complete lack of market transactions), the book value corresponds to the historical cost less any impairment loss.

Valuation methodologies:

The income approach to valuation is applied to valuations with the use of the discounted cash flow method is used. This method is based on the estimation of periodic cash flows originating from property. The present value of cash flows from the property is determined with the application of the market-based discount rate reflecting investors' yield expectations. The periodic cash flow is estimated as gross income without vacancy less costs incurred with the operation and maintenance of the property. A series of periodic net operating incomes, alongside the estimate of the value anticipated

for the end of the projection period, is discounted to present value. The sum of the net present values equals to the fair value of the property.

Input data used for the valuation:

Investment property	Average annual rental fee income		Market rental fee (EUR/sqm)		Occupancy rate (%)		Exit yield		Discount %	
	2016.12.31.	2015.12.31.	2016.12.31.	2015.12.31.	2016.12.31.	2015.12.31.	2016.12.31.	2015.12.31.	2016.12.31.	2015.12.31.
Kecskemét, Kiskőrösi utca 30.*	429 816	409 764	3,5	4	92,30	87,00	10,00%	10,00%	10,25%	10,25%

1.3 Subsidiaries and long-term participations in associated companies

Appeninn Plc has direct participations in the following companies:

in Ths HUF

Company	Address	Company registration number:	Ownership by 31st Dec. 2016.	Equity by 31st Dec. 2016 Ths HUF	Book value of investment Ths HUF	Impairment loss on investment Ths HUF	Cost of Investment Ths HUF
Appeninn Angel Zrt.	1022 Budapest, Bég u. 3-5	01 10 048362	100,00%	3 481	3 500	(1 500)	5 000
Appeninn - BP 1047 Zrt.	1022 Budapest, Bég u. 3-5	01 10 047160	100,00%	413 825	30 508	-	30 508
Appeninn E-Office Zrt.	1022 Budapest, Bég u. 3-5	01 10 047783	98,63%*	3 321 551	2 132 628	-	2 132 628
Appeninn Logisztikai Zrt.	1022 Budapest, Bég u. 3-5	01 10 046822	100,00%	198 544	185 251	-	185 251
Appeninn Solaris Zrt.	1022 Budapest, Bég u. 3-5	01 10 047055	100,00%	(89 502)	-	(5 000)	5 000
Bertex Kft.	1022 Budapest, Bég u. 3-5	01 10 045752	100,00%	251 256	212 062	-	212 062
Curlington Kft.	1022 Budapest, Bég u. 3-5	01 09 728951	100,00%	96 095	44 097	-	44 097
Szent László Téri Szolgáltató Ház Kft.	1022 Budapest, Bég u. 3-5	01 09 947093	100,00%	221 757	223 369	(210 799)	434 168
				2 831 415	(217 299)		3 048 714

The book values of the participations were revised against the equity values of the subsidiaries. The book values of the participations cover any impairment loss recognized and written back. The book values of the participations may not exceed the respective equity values of the participations.

Changes in the impairment losses of participations in 2016:

in Ths HUF

Company	31st Dec. 2015.	Write back of previous impairment loss	Impairment loss for actual year	Other	31st Dec. 2016.
Appeninn Solaris Zrt.	5 000	-	-	-	5 000
Appeninn Angel Zrt.	-	-	1 500	-	1 500
Szent László Téri Szolgáltató Há	255 799	(45 000)	-	-	210 799
W-GO 2000 Zrt.*	609 255	-	-	(609 255)	-
	870 054	(45 000)	1 500	(609 255)	217 299

*In Appeninn Plc, W-GO 2000 Ltd's participation and the impairment loss of the participation were derecognized upon the selling of the participation. Appeninn Plc sold its 60% participation in W-GO 2000 Ltd. at the book value as of 31.12.2015 to Appeninn E-Office Ltd, which subsequently merged its subsidiary with the effective date of 30.09.2016. After the merger, the minority share of LEHN Consulting Ag. equaled to a ratio of 1/73 in Appeninn E-Office Ltd, on the basis of the share exchange ratios. By way of its decision on 31.12.2016, Appeninn Plc effectuated capital increase in Appeninn E-Office Ltd. Further information is available in Section 1.6. The minority shareholder, LEHN Consulting Ag. did not participate in the capital increase, and therefore its participation rate in 2017 changed to a 1/83 value.

The 100% share of Appeninn Credit Ltd is stated by Appeninn Plc as a short-term participation (see short-term participations). See 1.8 Section.

Indirect participation:

Felhévíz-Appen Ltd is a 100% subsidiary of Appeninn Solaris Ltd. Felhévíz Appen Ltd was acquired on 02.08.2016 by Appeninn Solaris Ltd in consideration of HUF 3 million, immediately after its foundation with a registered capital of HUF 3 million.

Equity components of participations in 2016:

Subsidiaries Equity by 31st Dec. 2016 Ths HUF								
	Appeninn Angel Zrt.	Appeninn - BP 1047 Zrt.	Appeninn E-Office Zrt.	Appeninn Logisztikai Zrt.	Appeninn Solaris Zrt.	Bertex Kft.	Curlington Kft.	Szent László Téri Szolgáltató Ház Kft.
D. Saját tőke	3 481	413 825	3 321 551	198 544	(89 502)	251 256	96 095	221 757
D. Equity	5 000	25 000	730 000	5 000	5 000	20 100	3 100	3 000
I. SUBSCRIBED CAPITAL	-	-	-	-	-	-	-	-
II. LESS ISSUED BUT NOT PAID CAPITAL	-	8 000	-	150 572	-	33 704	6 450	-
III. CAPITAL RESERVES	(674)	161 837	(192 466)	(63 282)	(77 609)	56 661	(40 619)	(63 255)
IV. RETAINED EARNINGS FROM PREVIOUS YEA	-	-	556 257	-	-	-	44 195	3 077
V. Revaluation of property plant and equipm	-	214 881	2 116 636	100 675	-	132 988	87 205	281 207
VII. PROFIT FOR THE PERIOD	(845)	4 108	111 124	5 528	(16 893)	7 803	(4 236)	(2 272)

1.4 Long-term loans provided to associated companies

	<i>in Ths HUF</i>		
	31st Dec. 2015.	31st Dec. 2016.	
Appeninn-Bp 1047 Zrt.	28 938	-	The HUF 440 million receivables from LEHN Consulting Ag. emerged in 2015, as a part of the purchase price belonging to the selling of a 40% share in W-GO 2000 Ltd. LEHN Consulting Ag. undertook
Appeninn E-Office Zrt.	310 283	-	
W - Go 2000 Zrt. (2016. 09. 30-al beolvadt az			
Appeninn E-Office Zrt-be.	374 971	-	
Lehn Consulting Ag.	440 000	440 000	
	1 154 192	440 000	

a guarantee for the loans of the subsidiary, Appeninn E-Office Ltd on 31.12.2016, representing EUR 31.1 million payables in principal amount.

To secure the EUR-based consolidation loan disbursed by ERSTE Bank on 15.12.2015 (for the CHF-denominated loan of CIB Ltd.) LEHN Consulting Ag. undertook joint and several suretyship and collateral guarantee in the form of shares, which it is required to maintain during the tenor of the loan, i.e. until 31.03.2025. The guarantee fee is recharged to Appeninn Plc to its subsidiary using the furnished bank funding (Appeninn E-Office Ltd), and the guarantee fee is stated in the balance sheet total of the subsidiary as a lending cost item. The accrual accounting of the guarantee fee is presented by the Company in Section 1.19.

1.5 Accounts receivable (trade receivables)

	<i>in Ths HUF</i>		
	31st Dec. 2015.	31st Dec. 2016.	
Trade accounts receivable	8 567	18 742	In accounts receivables, there was one significant item of trade receivables, which has been settled by the Company in Hungarian Forints.
Write off trade receivables	(6 534)	(4 512)	
	2 033	14 230	

1.6 Accounts receivable from associated companies

Accounts receivable are composed of invoiced holding fees, interest and principal receivables, as well as dividends and other receivables from subsidiaries.

The amount of the receivables against Appeninn E-Office Ltd was increased by the items of W-GO 2000 Ltd, merged with the effective date of 30.09.2016.

From the receivables against Appeninn E-Office Ltd, Appeninn Plc transferred any amount of HUF 2,757,044,000 to Appeninn E-Office Ltd based on the resolution of the General Meeting on 31.12.2016, in the framework of the capital increase based on the share premium. The amount of the capital increase was HUF 100 million, by which the amount of Appeninn E-Office Ltd's registered capital increased to HUF 830 million, whereas the amount of the premium was HUF 2,657,044.

The capital increase was registered by the Company Registry Court on 16.02.2017. Upon registration, the receivables were made available by Appeninn Plc, and from 01.01.2017. the parent company has not collected any interest on the items involved in the capitalization.

	<i>in Ths HUF</i>					
by 31st December, 2016	Trade account receivables	Given credit and loans	Interest receivable	Dividend receivable	Other receivable	Total
Szent László Kft.	10 878	111 943	21 583	-	-	144 404
Appeninn- E-Office Zrt.	72 135	1 941 020	195 564	195 000	425 460	2 829 179
Bertex Kft.	6 985	-	-	-	-	6 985
Curlington Kft.	-	7 454	52 942	-	78	60 474
Appeninn Logisztikai Zrt.	3 810	-	-	-	-	3 810
Appeninn- Bp1047 Zrt.	-	29 241	7 646	-	-	36 887
W-GO 2000 Zrt.	-	-	-	-	-	-
Lehn Consulting	-	6 431	319	-	-	6 750
Felhíviz- Appen Kft.	634	176 838	1 877	-	-	179 349
	94 442	2 272 927	279 931	195 000	425 538	3 267 838

Increase of capital by 31st December, 2016

Appeninn- E-Office Zrt.	1 941 020	195 564	195 000	425 460	2 757 044
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in Ths HUF

by 31st December, 2015	Trade account receivables	Given credit and loans	Interest receivable	Dividend receivable	Total
Appenninn E-Office Kft.	4 055	45 882	111 703	195 000	356 640
Appenninn - BP 1047 Zrt.	3 810	-	6 778	-	10 588
Curlington Kft.	4 808	10 032	47 514	-	62 354
Szent László Szolg H. Kft.	10 160	105 143	15 408	-	130 711
W-Go 2000 Zrt	21 765	1 182 695	24 078	-	1 228 538
	44 598	1 343 752	205 481	195 000	1 788 831

1.7 Other receivables

in Ths HUF

Other receivables	31st Dec. 2015.	31st Dec. 2016.
Interest receivable from non related party	2 758	2 588
Credit receivable from non related party	126 400	49 453
Write off given credit	(66 156)	(21 787)
Other advance payments	-	564
Receivables from traded interest and securities	-	638 750
Over paid trade receivables	931	1 743
Overpaid late payemnt charge for local government tax authority	1	23
Overpaid Local taxes	636	26
VAT (receivables)	13 762	-
	78 332	671 360

From receivables relating to shares, securities, an amount of HUF 438 million represents outstanding receivables from the selling of treasury shares. Treasury shares sold serve as collateral for the receivables. An additional amount of HUF 200 million receivables was settled by a bill of exchange that is due on 17 May 2017.

1.8 Participations in associated companies

Company	Address	Company registration number:	Starting date	Cost of Investment Ths HUF
AppenninnCredit Hitelezési Zrt.	1044 Budapest, Váci út 76-80.	01 10 045678	2016.10.20	144 000

The total cost of the participation was HUF 144 million, and was financed for the seller from treasury shares. The participation was valued against the value of the Company's equity capital, which was HUF 155 million as of 31.12.2016.

1.9 Own participations, business shares, repurchased treasury shares

At the balance sheet date, the number of treasury shares at the Company and its subsidiaries was 313,022, of which the subsidiary, Felhívíz Appen Ltd held 27,552 units, whereas 285,470 shares were in the possession of Appenninn Plc.

The face value of the treasury shares repurchased by Appenninn Plc was HUF 28,547,000. (HUF 100/ pc).

In 2016, the Company's treasury shares changed by 1,818,537 units of purchased shares (against a clearing price of HUF 421,387 million) and 1,950,000 units of sold shares (against a clearing price of HUF 446,519 million). In 2016, the portfolio of Company's treasury shares decreased by 2,528,810 shares.

The settlement of these treasury shares at the average transaction price during 2016 – on the basis of the individual transaction prices and weighting by volume – resulted in a HUF 65 million closing value in relation to the treasury shares as of 31.12.2016.

1.10 Accounts receivable from own bonds

The value of the Company's repurchased own bonds as of the balance sheet date was HUF 418 M. The presentation of all receivables and payables can be found in Section 1.14.

1.11 Liquid assets

	<i>in Ths HUF</i>	
	31st Dec. 2015.	31st Dec. 2016.
Petty cash in HUF	3 285	5
Petty cash in HUF	1 809	9
	5 094	14

Bank deposits:

At the end of the current period, HUF 293,000 was recorded in Euro and HUF 70 million was recorded in Hungarian Forints in the balance of bank deposits.

1.12 Accruals:

	<i>in Ths HUF</i>	
	31st Dec. 2015.	31st Dec. 2016.
Accrued income	2 138	61 986
Interest on bounds	165	12 659
Accrued guarantee charges against Appeninn E-	1 973	49 327
Prepaid expenses	3 493	846
Other charges, interest	3 922	846

The guarantee charges have been booked as accrued by the parent company against the subsidiary. Further information can be found in Section 1.4.

1.13 Equity capital

Changes in equity: In 2016, the amount of registered capital has changed considering the number of issued shares. In 2016, 330,000 shares have been issued. The share issue took place by private capital increase. The capital increase was carried out by share premium. Through that capital increase, the registered capital increased by HUF 330 million and the capital reserve by HUF 363 million. The settlement of the capital increase raised the Company's capital by HUF 693 million in total.

	31st Dec. 2015.	31st Dec. 2016.	31st Dec. 2015.	31st Dec. 2016.
Issued treasury shaeres (each by 100 HUF) Piece:				
Opening:	36 500 000	36 500 000	Opening:	3 650 000
Issued 20th May 2016	-	3 300 000	Issued 20th May 2016	330 000
Closing:	36 500 000	39 800 000	Closing:	3 980 000

Presentation of the capital transactions against the accumulated profit reserve:

The Company sold its treasury shares in the current period and acquired new shares: Due to the transactions, HUF 611 million of committed reserves were derecognized and HUF 65 million of committed reserves were created, there was a change in favor of the accumulated profit reserve in the amount of HUF 546 million in total.

Changes in committed reserves: The amount of valuation reserves has decreased by HUF 78 million. Details and component of this change are presented in Section 1.2.

in Ths HUF

Name of items	I. SUBSCRIBED CAPITAL	III. CAPITAL RESERVES	IV. RETAINED EARNINGS FROM PREVIOUS YEARS	V. RESTRICTED RESERVES	VI. REVALUATION RESERVE	VII. PROFIT FOR THE PERIOD	D. Equity
Balance as of 31 December 2015	3 650 000	2 526 207	(439 896)	610 699	99 433	356 947	6 803 390
Capital reserve by capital increase (20th May 2016)	330 000	363 466	-	-	-	-	693 466
Profit from last year	-	-	356 947	-	-	(356 947)	-
Disposal of treasury shares	-	-	(65 368)	65 368	-	-	-
Purchase of treasury shares	-	-	610 699	(610 699)	-	-	-
Gain on investment property items	-	-	-	-	(78 325)	-	(78 325)
Profit for the period	-	-	-	-	-	253 207	253 207
Balance as of 31 December 2016	3 980 000	2 889 673	462 382	65 368	21 108	253 207	7 671 738

1.14 Payables and receivables from bonds

Payable and receivables from bonds are described in this Section, whereby the transparency of all assets and liabilities is ensured. Next to the lines of balance sheet and the profit & loss account, the Company indicated accurate references to the associated supplementary notes in order to facilitate orientation in the notes.

The Company had bond-related payables and receivables from the following two bond series as of the balance sheet date:

ISIN	HU0000356639	HU0000354337
Name of policy:	Appenninn Nyrt. interest-bearing EURO bond	Appenninn Nyrt. interest-bearing bond HUF
Short name of the bond:	Appenninn Nyrt. EUR bond	Appenninn Nyrt. HUF bond
Nominal value:	EUR 10,000	HUF 10,000,-
Piece number:	150	15000
Total nominal value:	EUR 1 500 000	HUF 150 000 000
Manner of distribution:	subscription	exclusive section
Type of distribution:	exclusive section 14 (1) c) of the Tpt Act	dematerialized
Subscription period:	September 2, 2015 – September 10, 2015	-
Duration:	3 years (September 11, 2015 – September 10, 2018)	3 years (February 26, 2014. – 26 February 2017.
Expiry:	September 10, 2018	February 26, 2017
Interest rate:	7.5 % p.a.	5% p. a.
Interest payment:	yearly, on September 10 every year	yearly, on February 26 every year
Policy production:	dematerialized	dematerialized
Transfer limitation:	none	none
Value date:	September 11, 2015	February 26, 2014
Purpose of issue:	Additional capital sourcing	Additional capital sourcing

At the end of the year, the Company had own bonds and a repurchased portfolio from the same bonds. In the balance sheet, both the total amount payables, equaling to HUF 617 million, as well as the repurchased receivables, corresponding to HUF 481 million, are stated on a gross basis.

Similarly to the capital, the due and unpaid interests of bonds are presented as payables and receivables, in the form of due and payable interests on the profit.

	HU0000356639			HU0000354337		Values as Balance Sheet items as of 31st December 2016	
	EUR Bound in EUR	Pc	EUR Bound transferred into HUF	HUF Bound in HUF	Pc	Bonds receivables	Bonds payable
Issue Date: 26th February, 2014	-	-	-	150 000 000	15 000	-	150 000
Purchase back in 2014	-	-	-	(53 970 000)	(5 397)	53 970	-
Closing by 31st December, 2014	-	-	-	96 030 000	9 603	-	-
Issue Date: 10th September, 2015	1 500 000	150	466 530	-	-	-	466 530
Purchase back in 2015	-	-	-	-	-	-	-
Closing by 31st December, 2015	1 500 000	150	466 530	96 030 000	9 603	-	-
Purchase back in 2016 (09th June)	-	-	-	(24 000 000)	(2 400)	24 000	-
Increase of capital by transfer of bounds (20th May 2016)	(900 000)	(90)	(278 237)	(1 000 000)	(100)	278 237	-
Purchase back in 2016 (14th December)	(400 000)	(40)	(123 660)	-	-	123 660	-
Closing by 31st December, 2016	200 000	20	64 833	71 030 000	7 103	480 867	616 530
						78 970	150 000
						401 897	466 530
						78 970	150 000
						401 897	466 530

The recognized interests on the bond issued by the Company's were recognized for the individual series of repurchased bonds that were kept in circulation:

in Ths HUF

**Interests on Issued Bounds
paid and received in Profit and loss statement**

Interest on Issued Bounds	18 665	-
from which HUF Bound interest	5 729	-
from which EUR Bound interest	12 936	-
Interest payable (cost) on bounds:		(44 341)
interest on purchased back bounds:		(18 665)
from which HUF Bound interest		(5 729)
from which EUR Bound interest		(12 936)
Interest on Bounds traded:		(25 676)
from which HUF Bound interest		(18 358)
from which EUR Bound interest		(7 318)

The Company fully settled the due principal and interest payment obligation on its own bonds on 26 February 2017.

1.15 Long-term liabilities to associated companies

in Ths HUF

Company	31st Dec. 2015.	31st Dec. 2016.
Appeninn-Logisztika Zrt.	1 004	1 004
Bertex Zrt.	23 400	23 400
	24 404	24 404

1.16 Accounts payables (trade payables)

In the period under review, trade payables comprised items in individual values below HUF 1 million, as well as one specific item of trade payables in an amount of HUF 3.8 million, but denominated in EUR.

1.17 Short-term liabilities to associated companies

<i>in Ths HUF</i>			
2016.	Given credit and loans	Interest payable	Total
Appenninn-Logisztika Zrt.	23 530	7 886	31 416
Appenninn Solaris Zrt.	37 780	3 084	40 864
Bertex Zrt.	20 139	5 378	25 517
Appenninn Angel Zrt.	2 980	191	3 171
W-GO 2000 Zrt. (2016. 09. 30-al Appenninn E-Office Zrt. - be beolvadt	5 812	-	5 812
	90 241	16 539	106 780

<i>in Ths HUF</i>				
2015.	Given credit and loans	Interest payable	Other	Total
Appenninn-Logisztika Zrt.	23 166	7 180	-	30 346
Appenninn Solaris Zrt.	31 835	1 893	6 128	39 856
Bertex Zrt.	13 045	4 012	-	17 057
Appenninn Angel Zrt.	3 865	82	-	3 947
W-Go 2000 Zrt	-	-	5 813	5 813
Lehn Consulting Ag.	14 004	8 824	-	22 828
	85 915	21 991	11 941	119 847

1.18 Other short-term liabilities

<i>in Ths HUF</i>		
Name of items	31st Dec. 2015.	31st Dec. 2016.
Bank accounts (negative balance)	21	-
Payables to former employees or managers	400	393
Vages, salaries and taxes	454	(696)
Income tax	7 111	11 236
Payables after acquired investment assets (non payment reasor	79 133	79 133
Value Added Tax payable	6 210	11 503
Tax for the local municipality (tax on turnover and tax on investment property)	193	(3 823)
	93 522	97 746

The description of payables from bonds and issued bonds can be found in Section 1.10.

1.19 Deferrals

<i>in Ths HUF</i>		
Name of items	31st Dec. 2015.	31st Dec. 2016.
Prepaid income	544	156 370
Invoiced incomes accrued for the next periods	544	156 370
Accrued expenses	32 988	74 304
Cost accrued	15 934	5 203
Interest accrued	15 081	17 107
Deferred expenses of the guarantee fee against LEHN Consulting Ag	1 973	49 327
	33 532	230 674

The deferred expenses of the guarantee fee against LEHN Consulting Ag. See further information in Section 1.4.

1.20 PROFIT & LOSS ACCOUNT

Appenninn Vagyonkezelő Holding Nyrt.				
Profit&Loss statement (Total expenses type)		THS HUF	THS HUF	Notes under point 1
#	Names of items	31st Dec. 2015.	31st Dec. 2016.	
01	Domestic sales	68 674	264 942	21
02	Export sales	399	544	21
I	Net turnover	69 073	265 486	21
II	Own work capitalized & work in progress	-	-	
III	Other operating income	62 206	856	22
05	Raw materials and consumables	3 542	2 333	23
06	External charges	50 200	41 483	23
07	Other external charges	6 444	9 822	23
09	Costs of services sold (recharged)	198	47 528	23
IV	Material & other external charges	60 384	101 166	23
10	Wages and salaries	8 456	5 730	24
11	Other payments to personnel	239	-	24
12	Social security costs	2 431	1 602	24
V	Staff costs	11 126	7 332	24
VI	Depreciation	6 739	5 171	2
VII	Other operating expenses	91 668	33 780	25
A	TRADING RESULT	(38 638)	118 893	
13	Dividend and profit sharing income	195 000	-	26
	of which income from affiliated undertakings	195 000	-	26
14	Income from sale of participating interests	711 019	28 676	27
16	Other interests receivable and similar income	83 798	96 443	28
	of which derived from affiliated undertakings	83 377	75 635	28
17	Other income from financial transactions	12 057	48 007	29
VIII	Financial income	1 001 874	173 126	
18	Losses incurred on financial investments	89 911	-	
20	Interests payable and similar charges	38 104	48 012	30
	of which derived from affiliated undertakings	18 858	3 671	30
21	Value adjustments on financial assets	462 049	(43 500)	31
22	Other charges on financial transactions	2 955	23 064	32
IX	Financial charges	593 019	27 576	
B	FINANCIAL RESULT	408 855	145 550	
E	PROFIT OR (LOSS) BEFORE TAX	370 217	264 443	
XII	Income tax	13 270	11 236	33
F	PROFIT OR (LOSS) After TAX	356 947	253 207	

1.21 Sales revenues

in Ths HUF

Net turnover	31st Dec. 2015.	31st Dec. 2016.
Domestic sales		
Sales turnover from offices rented	30 000	64 870
Sales turnover from parking places rented	-	6 271
Sales turnover from storehouse rented	-	9 783
Sales turnover from holding activity	34 558	59 000
Appenninn Angel Zrt.	500	500
Appenninn - BP 1047 Zrt.	3 000	3 000
Appenninn E-Office Zrt.	9 725	39 000
Appenninn Logisztikai Zrt.	3 000	3 000
Appenninn Solaris Zrt.	500	500
Bertex Kft.	5 500	5 500
Curlington Kft.	3 000	5 000
Szent László Téri Szolgáltató Ház Kft.	2 000	2 000
W-GO 2000 Zrt.	5 500	-
Felhévíz- Appen Kft.	-	500
Companies sold	1 833	-
Energy, and other cost transferred to the tenants	2 143	916
Fee for call option sold	-	76 748
Guarantee fee income of transferred cost	1 973	47 354
	68 674	264 942
Export sales	399	544
Net turnover	69 073	265 486

In 2016, the Company sold the call option for the acquisition of the real-estate property in Kecskemét to its tenant, against a price of EUR 2.5 million, with the terminal date of 31 October 2019; the option fee was paid up by the beneficiary.

1.22 Other incomes

in Ths HUF

Other operating income	31st Dec. 2015.	31st Dec. 2016.
Compensation received for damages	5 067	538
Subsidy received for compensation of expenses	50 000	1
Incomes from expired payables	857	-
Other incomes	6 282	317
	62 206	856

1.23 Material-type expenditures

in Ths HUF

Material & other external charges	31st Dec. 2015.	31st Dec. 2016.
Raw materials and consumables	3 542	2 333
External charges	50 200	41 483
Accounting, Auditing	17 805	13 690
Other financial, valuation services	7 684	1 387
Information services, post and internet communication services	2 143	1 592
Guarding and defence services	5 600	3 460
PR, advertisement services	1 759	5 857
Property valuation, other valuation services, translations	2 811	38 155
Annual fee of Stock exchange, fee for shares trading	4 214	4 824
Guarantee cost for loans	1 973	47 354
Other services (transport, delivery, maintenance)	6 212	1 474
Other external charges	6 444	9 822
Official fees	158	3 776
Bank charges	1 309	1 911
Insurance fees (property, Board and Manager's insurance)	4 977	4 135
Costs of services sold (recharged)	198	47 528
Material & other external charges	60 384	101 166

1.24 Personnel expenditures and number of staff

in Ths HUF

	Number of people	Salary	Other fee	Total
	1	3 630	-	3 630
from which:				
physical	-	-	-	-
intellectual	1	3 630	-	3 630
	6	-	2 100	2 100
Board remuneration:				
from which:				
physical	-	-	-	-
intellectual	3	-	900	900
Audit Committee:				
from which:				
physical	-	-	-	-
intellectual	3	-	1 200	1 200
				5 730

Payroll taxes detailed per title:

- Vocational training contribution: HUF 49,000
- Social contribution: HUF 1,553,000

1.25 Other expenditures

in Ths HUF

Other operating expenses	31st Dec. 2015.	31st Dec. 2016.
Late payments interest	46	106
Post Warranty service after sale of Kranservice Zrt.	-	25 199
Local Tax on investment property	3 123	3 123
Losses on write of receivables	87 321	-
Income tax losses	1 152	3 718
Late payment fees	-	5
Other expenses	26	1 629
	91 668	33 780

In the sales agreement of 2014 for the 100% stake of Kranservice Ltd, the Group furnished an income guarantee for the 2015 revenues of the sold activity. In 2016, the buyer company announced its guarantee claim, which was acknowledged by the seller, and was financially settled in 2016.

1.26 Dividends received (due)

In 2016, the Company was not paid dividends by the subsidiaries. In 2015, the Company was paid dividends by Appenninn E-Office Ltd in an amount of HUF 195,000,000.

1.27 Exchange-rate gains from participations

	<i>in Ths HUF</i>	
Income from sale of participating interests	31st Dec. 2015.	31st Dec. 2016.
Gains on sale of investment in Pontott Investment Kft.	-	5 287
Gains on sale of investment in Appenninn Investment Zrt.	-	23 389
Net gains on sale of investments in past year	672 019	-
Others	39 000	-
	711 019	28 676

Presentation of profit on the sales of participations in 2016:

	Appenninn Investment Zrt.	Pontott Kft.
Cost value of investments	240 611	31 203
Incomes on sale of investments	264 000	36 490
Gains on sale of investment	23 389	5 287

Presentation of profit on the sales of participations in 2015:

	Kranservice	W-GO 2000 Zrt.40%
Cost value of investments	130 981	-
Incomes on sale of investments	800 000	3 000
Gains on sale of investment	669 019	3 000

1.28 Interests and interest-type incomes

	<i>in Ths HUF</i>	
Other interests receivable and similar income	31st Dec. 2015.	31st Dec. 2016.
Interest for Bounds purchased back	-	18 665
Interest received from other companies	421	2 143
Interest received from related parties:	83 377	75 635
Appenninn - BP 1047 Zrt.	1 438	863
Appenninn E-Office Zrt.	43 562	59 927
Appenninn Logisztikai Zrt.	82	-
Curlington Kft.	6 527	5 428
Szent László Téri Szolgáltató Ház Kft.	5 715	6 175
Appenninn-Investment Zrt.	-	30
LEHN Consulting Ag.	26 053	319
Felhíviz- Appen Kft.	-	1 877
Pontott Termelő, Szolgáltató és Kereskedelmi Kft.	-	1 016
	83 798	96 443

1.29 Other financial incomes

	<i>in Ths HUF</i>	
Other income from financial transactions	31st Dec. 2015.	31st Dec. 2016.
FX difference after payments in foreign currency	2 434	609
Gains on sales of treasury shares	-	47 398
Revaluation of foreign currency balance sheet items	9 623	-
	12 057	48 007

Incomes from the sales of treasury shares, presented on a gross basis:

in Ths HUF

Saját részvény értékesítésének nyeresége	31st Dec. 2015.	31st Dec. 2016.
Incomes from sale of treasury shares		966 718
Cost value of sold treasury shares		(919 320)
Ganins on sales of treasury shares	-	47 398

1.30 Interest payable and interest-type expenditure

in Ths HUF

Interests payable and similar charges	31st Dec. 2015.	31st Dec. 2016.
Interest on Issued Bonds	19 246	44 341
Appenninn Angel Kft.	82	109
Appenninn - BP 1047 Zrt.	68	-
Appenninn Logisztikai Zrt.	1 968	706
Appenninn E-Office Zrt.	14 413	-
Appenninn Solaris Zrt.	550	1 196
Bertex Kft.	1 220	1 366
Lehn Consulting Ag.	557	294
	38 104	48 012

1.31 Value loss of shares, securities

The impairment losses previously recognized and written back in the period under review changed the consolidated balance of the incomes for the year of 2016 into profit. The value in parentheses represents negative loss, i.e. profit in the period under review. Its settlement was performed in conformance to the relevant provisions of the Accounting Act, in the same line with the previously recognized expenditures.

in Ths HUF

Value adjustments on financial assets	31st Dec. 2015.	31st Dec. 2016.
Write back of impairment losses (gains):	(258 015)	(45 000)
Szent László Téri Szolgáltató Ház Kft.	-	(45 000)
Appenninn Logisztikai Zrt.	(35 279)	-
Appenninn E-Office Zrt.	(222 736)	-
Impairment losses on investments	634 216	1 500
W-GO 2000 Zrt. (by 30th September 2016 the company merged with Appenninn E-Office Zrt.	373 417	-
Szent László Téri Szolgáltató Ház Kft.	255 799	-
Appenninn Solaris Zrt.	5 000	-
Appenninn Angel Kft.	-	1 500
Treasury shares valuation losses	85 848	-
	462 049	(43 500)

1.32 Other financial expenditures

in Ths HUF

Other charges on financial transactions	31st Dec. 2015.	31st Dec. 2016.
Losses on foreign currency trade receivables and payables settled	3	369
Losses on year end valuation of foreign currency cash and cash	-	9 545
Losses on treasury shares	2 952	13 150
	2 955	23 064

1.33 Calculation of the (corporate income) tax

in Ths HUF

Tax base of actual year 2016		
Profit before tax:	264 443	
	Increasing:	Csökkentő:
Amortization	5 171	(2 297)
Losses on valuation of assets	-	(46 391)
Non acceptable cost	3 804	-
Losses from past years, used for compensation of actual gains	-	(112 364)
	8 975	(161 052)
Tax base		112 366
Calculated tax 10%		11 236

Presentation of the corporate income tax base

in Ths HUF

Origin of tax loss	Tax loss brought forward	Used in 2015	Used in 2016	Tax loss carried forward	Expiry date of usage
2013	(149 365)	132 700	16 665	-	
2014	(959 626)	-	95 698	(863 928)	2025.
2015	-	-	-	-	
2016	-	-	-	-	
Tax loss Used an carried forward in 2016			112 364	(863 928)	

2 Cash flow statement

#	Names of items	31st Dec. 2015.	31st Dec. 2016.
1	I. Cash flows from operating activities (lines 1 to 13)	122 235	(529 341)
1	1. Profit or loss before tax (before dividend income)	175 217	264 443
2	2. Add depreciation and amortisation of fixed assets	6 739	5 171
3	3. Change in value adjustments	534 739	(89 891)
4	4. Net increase (decrease) in provisions		-
5	5. Less net profit (-) loss (+) on disposals of fixed assets	(582 331)	(28 676)
6	6. Increase (decrease) in trade accounts & drafts payable	(12 636)	1 045
7	7. Increase (decrease) in other short term liabilities	(656 769)	112 179
8	8. Increase (decrease) in accruals and deferred income	14 890	197 142
9	9. (Increase) decrease in trade accounts & drafts receivable	2 808	(10 175)
10	10. (Increase) decrease in other current assets (excluding liquid assets)	662 495	(912 142)
11	11. (Increase) decrease in prepayments and accrued income	(9 647)	(57 201)
12	12. Less income tax	(13 270)	(11 236)
13	13. Less dividend and profit sharing paid or payable	-	-
II	II. Cash flows from investing activities (lines 14 to 16)	260 414	724 637
14	14. Less purchase of fixed assets	(3 586)	(1 313)
15	15. Add proceeds of disposals or sales of fixed assets	264 000	725 950
16	16. Add dividend and profit sharing income	-	-
III	III. Cash flows from financing activities (lines 17 to 27)	(384 318)	(129 418)
17	17. Proceeds from the increase of share capital	-	-
18	18. Proceeds from the issuance of bonds	472 980	-
19	19. Proceeds from the issuance of other borrowings	20 157	-
20	20. Proceeds from repayment of loans granted	29 275	-
21	21. Proceeds from grants and donations	-	-
22	22. Less repurchase and reduction of share capital	-	-
23	23. Less repayment of bonds	-	(129 418)
24	24. Less repayment of other borrowings	(18 816)	-
25	25. Disbursements for loans granted	(1 325 817)	-
26	21. Disbursements for grants and donations	-	-
27	27. Net change in amounts due to shareholders	437 903	-
IV	IV. Change in cash and cash equivalent (I. + II. + III.)	(1 669)	65 878

3 Modification of the previous years

In connection with the earlier (closed) years, audits and self-revisions performed in the current year have not revealed any error, the profit & loss account does not show adjustments made to earlier periods.

4 Shareholding structure

Shareholdings in excess of 5%, treasury shares and the share of the member of the Board of Directors from the Company's capital

	31st Dec. 2016		31st Dec. 2015	
	Shares Piece	Owncership (%)	Shares Piece	Owncership (%)
Stakes larger than 5%	19 780 151	49,70%	22 976 011	62,95%
Lehn Consulting AG.	9 347 004	23,48%	12 176 011	33,36%
E-Milorg Kft.	7 040 000	17,69%	10 800 000	29,59%
Wallis Portfólió Kft.	3 393 147	8,53%	-	-
Treasury shares	313 022	0,79%	2 814 280	7,71%
from which ownes:				
Appenninn Vagyonkezelő Holding Nyrt.	285 470	0,72%	2 814 280	7,71%
Felhévíz Appen Kft.	27 552	0,07%	-	-
Board of Directors and their ownership in Appenninn Plc.	9 553 104	24,00%	-	-
György Ádamosi Jr.	9 347 004	23,48%	-	-
Lőrincz Éder	-	-	-	-
Attila Gábor Kovács	100 000	0,25%	-	-
Balázs Szabó	-	-	-	-
Gábor Székely	16 100	0,04%	-	-
Zoltán Prutkay	90 000	0,23%	-	-
Owners others	10 153 723	25,51%	10 709 709	29,34%
Total	39 800 000	100,00%	36 500 000	100,00%

5 Remuneration of senior officers

In 2016, the members of the Board of Directors (6 members) were paid remuneration in an amount of HUF 300,000/person, while the members of the Audit Board were further granted remuneration in an individual amount of HUF 100,000/person. Beyond the foregoing, the senior officers did not receive any further compensation or benefit from the Company.

6 Transactions with associated entities

The guarantee undertaken by LEHN Consulting Ag. is presented in Section 1.4. Receivables and payables between LEHN Consulting Ag. and the Company are presented in Sections 1.6 and 1.17 of the report.

The Company settled interests with the associated entities at a rate of the prime interest rate of the National Bank of Hungary +1.5%, which was credited on and debited against the respective profits. The Company accounted for such interests at the normal arm's length rates used among the parties concerned. Annual interests due and paid are specified in Section 1.28.

The Company collected holding company management fees from the subsidiaries; these fees were charged and collected on the basis of the management needs of the subsidiaries and the comparable market prices. These prices do not differ from the arm's length prices. Income realized from these fees is presented in Section 1.21.

Receivables and payables outstanding with respect to the associated entities are stated in Section 1.6 and 1.14.

7 Analysis of the property standing with indicators

Assets

Title of the items	Previous Year		Actual Year		Change (%)
	Amount (Ths HUF)	Rate (%)	Amount (Ths HUF)	Rate (%)	
A. Non Current Assets	5 151 180	66,92	3 972 845	45,39	-32,17
II. TANGIBLE ASSETS	783 613	10,18	701 430	8,01	-21,27
III. FINANCIAL INVESTMENTS	4 367 567	56,74	3 271 415	37,38	-34,12
B. Current assets	2 540 689	33,01	4 716 365	53,89	63,27
II. RECEIVABLES	1 869 196	24,28	3 953 428	45,17	86,02
III. MARKETABLE SECURITIES	664 669	8,63	690 235	7,89	-8,67
IV. LIQUID ASSETS	6 824	0,09	72 702	0,83	837,02
C. Prepayments and accrued income	5 631	0,07	62 832	0,72	881,38
TOTAL ASSETS	7 697 500	100,00	8 752 042	100,00	

Liabilities

Title of the items	Previous Year		Actual Year		Change (%)
	Amount (Ths HUF)	Rate (%)	Amount (Ths HUF)	Rate (%)	
D. Equity	6 803 390	88,38	7 671 738	87,66	-0,82
I. SUBSCRIBED CAPITAL	3 650 000	47,42	3 980 000	45,48	-4,10
II. LESS ISSUED BUT NOT PAID CAPITAL	2 526 207	32,82	2 889 673	33,02	0,61
III. CAPITAL RESERVES	-439 896	-5,71	462 382	5,28	-192,45
IV. RETAINED EARNINGS FROM PREVIOUS PERIODS	610 699	7,93	65 368	0,75	-90,59
VI. REVALUATION RESERVE	99 433	1,29	21 108	0,24	-81,33
1. Revaluation of property plant and equipment	356 947	4,64	253 207	2,89	-37,61
E. Provisions for risk, liabilities and contingencies					
F. Liabilities	860 578	11,18	849 630	9,71	-13,17
II. LONG TERM LIABILITIES	644 084	8,37	490 934	5,61	-32,96
III. SHORT TERM LIABILITIES	216 494	2,81	358 696	4,10	45,72
G. Accruals and deferred income	33 532	0,44	230 674	2,64	505,03
TOTAL EQUITY & LIABILITIES	7 697 500	100,00	8 752 042	100,00	

Title of the items	Previous Year		Actual Year		Change (%)
	Amount (Ths HUF)	Rate (%)	Amount (Ths HUF)	Rate (%)	
II. TANGIBLE ASSETS	783 613	15,21	701 430	17,66	16,06
Land and buildings, and similar assets	683 367	13,27	678 687	17,08	28,77
Other fixtures and fittings, tools & equipment	813	0,02	1 635	0,04	160,75
Revaluation surplus on tangible assets	99 433	1,93	21 108	0,53	-72,48
III. FINANCIAL INVESTMENTS	4 367 567	84,79	3 271 415	82,34	-2,88
Investments in companies held as fixed assets	3 213 375	62,38	2 831 415	71,27	14,25
Long term loans for related party (daughter company)	1 154 192	22,41	440 000	11,08	-50,57
A. Non Current Assets	5 151 180	100,00	3 972 845	100,00	

Title of the items	Previous Year		Actual Year		Change (%)
	Amount (Ths HUF)	Rate (%)	Amount (Ths HUF)	Rate (%)	
II. RECEIVABLES	1 869 196	73,57	3 953 428	83,82	13,94
Trade accounts receivable	2 033	0,08	14 230	0,30	277,06
Accounts receivable from affiliated undertakings	1 788 831	70,41	3 267 838	69,29	-1,59
Other receivables	78 332	3,08	671 360	14,23	361,70
III. MARKETABLE SECURITIES	664 669	26,16	690 235	14,63	-44,06
Shares in affiliated undertakings			144 000	3,05	
Own shares	610 699	24,04	65 368	1,39	-94,23
Treasury bonds and other negotiable bonds	53 970	2,12	480 867	10,20	379,97
IV. LIQUID ASSETS	6 824	0,27	72 702	1,54	473,92
Cash, cheques	5 094	0,20	14	0,00	-99,85
Bank deposits	1 730	0,07	72 688	1,54	2 163,40
B. Current assets	2 540 689	100,00	4 716 365	100,00	

Title of the items	Previous Year		Actual Year		Change (%)
	Amount (Ths HUF)	Rate (%)	Amount (Ths HUF)	Rate (%)	
Accrued income	2 138	37,97	61 986	98,65	159,83
Prepaid expenses	3 493	62,03	846	1,35	-97,83
C. Prepayments and accrued income	5 631	100,00	62 832	100,00	

Description of the indicator	Calculation of the indicator	Previous Year in Ths HUF	Previous Year (%)	Actual Year in Ths HUF	Actual Year (%)	Change (%)
Ratio of long-term fixed assets (%)	$\frac{\text{Fixed assets}}{\text{Total assets}}$	$\frac{5\,151\,180}{7\,697\,500}$	66,92	$\frac{3\,972\,845}{8\,752\,042}$	45,39	-32,17
Current assets ratio (%)	$\frac{\text{Current assets}}{\text{Total assets}}$	$\frac{2\,540\,689}{7\,697\,500}$	33,01	$\frac{4\,716\,365}{8\,752\,042}$	53,89	63,27
Fixed assets coverage ratio %	$\frac{\text{Equity}}{\text{Fixed assets}}$	$\frac{6\,803\,390}{5\,151\,180}$	132,07	$\frac{7\,671\,738}{3\,972\,845}$	193,10	46,21
Tangible assets coverage ratio %	$\frac{\text{Equity}}{\text{Tangible assets}}$	$\frac{6\,803\,390}{783\,613}$	868,21	$\frac{7\,671\,738}{701\,430}$	1093,73	25,98
Capital strength (equity ratio)%	$\frac{\text{Equity}}{\text{Total liabilities}}$	$\frac{6\,803\,390}{7\,697\,500}$	88,38	$\frac{7\,671\,738}{8\,752\,042}$	87,66	-0,82
Ratio of short-term liabilities %	$\frac{\text{Short-term liabilities}}{\text{Total liabilities}}$	$\frac{216\,494}{7\,697\,500}$	2,81	$\frac{358\,696}{8\,752\,042}$	4,10	45,72
Ratio of long-term liabilities %	$\frac{\text{Long-term liabilities}}{\text{Total liabilities}}$	$\frac{644\,084}{7\,697\,500}$	8,37	$\frac{490\,934}{8\,752\,042}$	5,61	-32,96
Liabilities ratio (%)	$\frac{\text{Liabilities}}{\text{Total liabilities}}$	$\frac{860\,578}{7\,697\,500}$	11,18	$\frac{849\,630}{8\,752\,042}$	9,71	-13,17

Description of the indicator	Calculation of the indicator	Previous Year in Ths HUF	Previous Year (%)	Actual Year in Ths HUF	Actual Year (%)	Change (%)
Assets turnover rate	$\frac{\text{Net sales revenues}}{\text{Total assets}}$	$\frac{69\,073}{7\,697\,500}$	0,90	$\frac{265\,486}{8\,752\,042}$	3,03	238,04
Tangible assets turnover rate	$\frac{\text{Net sales revenues}}{\text{Tangible assets}}$	$\frac{69\,073}{783\,613}$	8,81	$\frac{265\,486}{701\,430}$	37,85	329,39
Equity turnover rate	$\frac{\text{Net sales revenues}}{\text{Equity}}$	$\frac{69\,073}{6\,803\,390}$	1,02	$\frac{265\,486}{7\,671\,738}$	3,46	240,85

Description of the indicator	Calculation of the indicator	Previous Year in Ths HUF	Previous Year (%)	Actual Year in Ths HUF	Actual Year (%)	Change (%)
Tangible assets turnover rate	$\frac{\text{Net sales revenues}}{\text{Tangible assets}}$	$\frac{-38\,638}{3\,650\,000}$	-1,06	$\frac{118\,893}{3\,980\,000}$	2,99	-382,20
Tangible assets turnover rate	$\frac{\text{Net sales revenues}}{\text{Average inventories}}$	$\frac{6\,803\,390}{3\,650\,000}$	186,39	$\frac{7\,671\,738}{3\,980\,000}$	192,76	3,41

Liquidity ratio analysis

Description of the indicator	Calculation of the indicator	Previous Year in Ths HUF	Previous Year	Actual Year in Ths HUF	Actual Year	Change (%)
Liquidity indicator I (Current ratio)	Current assets	2 540 689	11,74	4 716 365	13,15	12,04
	Short-term liabilities	216 494		358 696		
Liquidity indicator II	Current assets – Inventories	2 540 689	11,74	4 716 365	13,15	12,04
	Short-term liabilities	216 494		358 696		
Liquidity indicator III	III Liquid assets + Securities	671 493	3,10	762 937	2,13	-31,42
	Short-term liabilities	216 494		358 696		
Liquidity indicator IV (Quick ratio)	Liquid assets	6 824	0,03	72 702	0,20	543,02
	Short-term liabilities	216 494		358 696		

Description of the indicator	Calculation of the indicator	Previous Year in Ths HUF	Previous Year	Actual Year in Ths HUF	Actual Year	Change (%)
Credit coverage ratio (%)	Receivables	1 869 196	8,63	3 953 428	11,02	27,66
	Short-term liabilities	216 494		358 696		
Indebtedness ratio (%)	Liabilities	860 578	0,11	849 630	0,10	-13,17
	Total assets	7 697 500		8 752 042		
Dynamic liquidity (%)	Operating profit	-38 638	-0,18	118 893	0,33	-285,72
	Short-term liabilities	216 494		358 696		
Trade payables turnover (days)	Average volume of trade payables	2	0,00	11	0,00	-20,35
	Material-type expenditures	60 384		101 166		

Calculation of	indicators	Previous Year		Actual Year		Change (%)
		in Ths HUF	(%)	in Ths HUF	(%)	
Ratio of fixed assets	Fixed assets	5 151 180	86,92	3 972 845	45,39	67,83
	Total assets	7 697 500		8 752 042		
Ratio of current assets	Current assets + Accruals	2 546 320	33,08	4 779 197	54,61	165,08
	Total assets	7 697 500		8 752 042		
Equity ratio	Equity	6 803 390	88,38	7 671 738	87,66	99,18
	Total liabilities	7 697 500		8 752 042		
Ratio of liabilities	Liabilities	860 578	11,18	849 630	9,71	86,83
	Total liabilities	7 697 500		8 752 042		
Capital multiplier	Total assets	7 697 500	113,14	8 752 042	114,08	100,83
	Equity	6 803 390		7 671 738		
Liquidity ratio I	Liquid assets	6 824	3,15	72 702	20,27	643,02
	Short-term liabilities	216 494		358 696		
Liquidity indicator II	Liquid assets + Securities	671 493	310,17	762 937	212,70	68,58
	Short-term liabilities	216 494		358 696		
Liquidity indicator III	Liquid assets + Securities + Receivables	2 540 689	1 173,56	2 540 689	708,31	60,36
	Short-term liabilities	216 494		358 696		
Liquidity indicator IV	Current assets	2 540 689	1 173,56	4 716 365	1 314,86	112,04
	Short-term liabilities	216 494		358 696		
Return on equity	Profit after taxes	356 947	5,25	253 207	3,30	62,90766656
	Equity	6 803 390		7 671 738		
Return on capital employed	Operating (business) profit	-38 638	-0,57	118 893	1,55	-272,8809712
	Equity	6 803 390		7 671 738		
Return on assets	Operating (business) profit	-38 638	-0,50	118 893	1,36	-270,6337479
	Assets in total	7 697 500		8 752 042		

In relation to the years of 2015–2016, significant changes occurred on the side of liabilities:

Among liabilities, the Company's equity capital strengthened. In the Company's capital structure, the capital increase based on the share premium propped the Company's equity capital by HUF 690 million with the effective date of 20 May 2016.

The Company settled, repurchased its own bonds, and therefore the rate of gearing continued to decrease.

In view of assets, changes were triggered by the substantial reduction of treasury shares and the increasing volume of receivables from the subsidiaries.

Ratio of long-term non-current assets

Non-current assets / Assets in total

It shows the proportion of long-term non-current assets in all the assets of the enterprise. The comparison to the base indicator reflects changes in these ratios.

Coverage of non-current assets

Equity capital / Non-current assets

It shows in what a proportion non-current assets are financed from the equity capital. The larger this indicator is, the more advantageous the situation is, because it means that own sources finance a growing share of non-current assets.

Coverage of tangible assets

Equity capital / Tangible assets

It shows to what extent the equity capital covers the financing of tangible assets as part of the non-current assets that are directly involved in production. It is advantageous if the equity capital primarily covers this group of assets.

Ratio of current assets

Current assets / Assets in total

It provides information in relation the proportion of short-term non-current assets within all the assets. It can be indicative of the current asset demand of the Company's operations.

Equity capital ratio

Equity capital / Liabilities in total

It shows the proportion of equity capital to all the liabilities. It is useful to examine the structure of equity capital for the evaluation of this indicator. The indicator can as well be interpreted – since the balance sheet total is concerned – as the ratio in which equity capital finances the assets of the enterprise.

Return on tangible assets

Net sales revenues/Tangible assets

It shows what an amount of sales revenues the enterprise has been able to achieve with the operation of the tangible assets stated in its balance sheet, meaning what sales revenues can be realized with the operation of a unit tangible asset.

Turnover rate of inventories

Net sales revenues / Inventories

It reflects how many times the inventories (closing volume) return in the net sales revenues (this indicator can be calculated also on the basis of average inventories). In the evaluation of this indicator, the advantageous tendencies are shown by the largest possible value.

Current assets / Short-term liabilities

It describes what a percent of short-term liabilities is covered by the aggregate amount of assets in varied grades of liquidity. To judge the liquidity position of the enterpriser accurately, it is necessary to examine the structure of current assets in view of the extent of their liquidities.

Short-term liquidity II

(Current assets–inventories) /Short-term liabilities

This indicator reflects the ratio of current assets less inventories to short-term liabilities. Within current assets, inventory elements may include uncertain amounts that cannot be used for directly covering short-term liabilities.

Quick ratio

Liquid current assets / Short-term liabilities

It shows the ratio of all the mobile current assets to short-term liabilities. In fact, it reflects what a ratio of short-term liabilities is covered by liquid cash assets. For the Company, a favourable situation is when this ratio increases, as it is indicative of the instant improvement of solvency.

8 Environmental protection

The Company is not in possession of tangible assets directly serving the protection of the environment. During the performance of the Company's activities, hazardous wastes or materials that would be detrimental to the environment are not produced, and therefore the Company does not have such inventories, either. We are not aware of future liabilities connected with environmental protection, and therefore provisions for these purposes have not been raised, and associated costs have not been incurred.

9 Ex-balance sheet liabilities

Appeninn Plc. is guarantor subsidiaries' bank loans up to the following amount and date:

First obligation holder	Expiry date	Amount	Beneficiary Bank
Curlington Kft	2023.08.30	41 453	OTP Bank Zrt.
Appeninn BP 1047	2023.07.05	288 597	K&H Bank Zrt.
Appeninn E-Office Zrt.	2025.03.31	9 792 910	ERSTE Bank Zrt.

10 Auditor of the Company:

The Company acting for the auditing of the Company's books, responsible individual auditor:

Auditor: ALPINE – Business Consulting and Audit Ltd (H–1026 Budapest, Pasaréti út 59.) Registration number: 001145

Auditor: Gabriella Forgács, membership number at the Chamber of Auditors: 003228

In addition to auditing the Company's annual report prepared with reliance on the specific Hungarian rules, the appointment of the auditor shall also extend to the review and auditing of Appeninn Holding Plc's consolidated financial statements compiled as per IFRS. For the Company, the auditors did not perform any other service for confirmation, tax advising services or services not belonging to the scope of auditing.

Remuneration of the auditor:

The amount of the remuneration charged by the auditor for auditing the report of the business year under review is HUF 1,000,000 + VAT.

Additional fees charged by the auditor in consideration of other services:

- Audit fee relating to Appeninn Plc's IFRS consolidated financial statements: HUF 5,000,000 + VAT.
- Audit report fee relating to Appeninn Plc's unique IFRS-compliant transitional opening balance sheet: HUF 500,000 + VAT

11 Utilization of the profit after taxes

In the light of the annual profit indicators discussed on 23 March 2017, the Board of Directors have proposed dividend payment to the General Meeting of the Appeninn Vagyonkezelő Holding Nyrt., i.e. from its profit for the year of 2016 HUF 253,207,000, from its accumulated profit reserve HUF 25,393,000, HUF 278,600,000 in total, whereas for the entire issued bond portfolio in an amount of HUF 7 per bond. The Board of Directors have proposed and propounded that the General Meeting should decide on the dividend payment in an amount of HUF 253,207,000 from the Company's positive profit in year under review, as well as in the amount of HUF 25,393,000 from the Company's accumulated profit reserve.

12 Publication and deposition of the report

The Company publishes its disclosures and reports at the www.appeninnholding.com, www.közzétételek.hu, www.bet.hu websites, and uploads them to the <http://e-beszamolo.im.gov.hu/> site.

Budapest, 07 April 2017

Zoltán Prutkay and Gábor Székely, members of the Board of Directors