



KONZUM NYRT.
ANNUAL UNIQUE FINANCIAL REPORTS
ACCORDING TO INTERNATIONAL FINANCIAL REPORTING
STANDARDS
(NON AUDITED)
31 December 2017.

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1.
Balance sheet

data in thousands HUF, unless stated otherwise

	Annex	31. 12. 2017.	31. 12. 2016.
		<u> </u>	<u> </u>
ASSETS			
Assets after the year			
Deferred tax demands	3	50	-
Investments in associated business	4	2.230.172	36.840
Total assets after the year		<u>2.230.222</u>	<u>36.840</u>
Current assets			
Customer demands	5	1.586	1.626
Demands towards related undertaking	6	66.753	-
Other short-term demands	7	617.831	587.709
Income tax demands		2.091	-
Deferred charges	8	6	6
Securities	9	200	200
Funds and fund equivalents	10	86	20.499
Total current assets		<u>688.553</u>	<u>610.040</u>
Total assets		<u>2.918.775</u>	<u>646.880</u>

Annexes between pages 9-47. are an integral part of the report

Balance sheet

data in thousands HUF, unless stated otherwise

	Annex	31. 12. 2017.	31. 12. 2016.
SOURCES			
Equity			
Issued capital stock	11	521.500	521.500
Accumulated profit reserve	11	68.770	89.536
Current year profits	11	(34.271)	(20.766)
Total equity:		555.999	590.270
Short-term liabilities			
Short-term credits and loans	12	2.195.003	6.825
Supplier's obligations		3.760	5.489
Liabilities towards related undertaking	13	153.342	2.832
Other liabilities	14	4.704	40.064
Corporate tax liabilities		539	-
Accrual charges	15	5.428	1.400
Short-term liabilities, total		2.362.776	56.610
Liabilities and equity, total		2.918.775	646.880

Annexes between pages 9-48. are an integral part of the report

Comprehensive profits report

data in thousands HUF, unless stated otherwise

	Annex	31 December 2017.	31 December 2016.
Net income of sales	16	-	23.940
Tangible expenses	17	(24.743)	(17.640)
Personnel expenses	18	(8.379)	(14.297)
Depreciation		-	(183)
Other expenses, other income	19	(500)	(10.763)
Operating costs		(33.622)	(42.883)
Operating profits		(33.622)	(18.943)
Financial income	20	679	7
Financial expenses	21	(1.407)	(1.040)
Profit before tax		(34.350)	(19.976)
Income taxes	22	79	(790)
Profits after tax		(34.271)	(20.766)
Other comprehensive income		-	-
Total comprehensive income		(34.271)	(20.766)

Annexes between pages 9-47. are an integral part of the report

data in thousands HUF, unless stated otherwise

Equity movement table

	Annex	Issued capital stock	Accumulated profit reserve	Current year profits	Total equity:
Balance as of 31 December 2015		2.086.000	(1.031.990)	32.026	1.086.036
Previous year's profit transfer			32.026	(32.026)	-
Capital transfer, capital withdrawals		(475.000)			(475.000)
Capital transfer for settling loss		(1.031.990)	1.031.990		-
Capital transfer for the benefit of profit reserve		(57.510)	57.510		-
Total comprehensive income				(20.766)	(20.766)
Balance as of 31 December 2016		521.500	89.536	(20.766)	590.270
Previous year's profit transfer			(20.766)	20.766	-
Total comprehensive income				(34.271)	(34.271)
Balance as of 31 December 2017		521.500	68.770	(34.271)	555.999

Annexes between pages 9-47. are an integral part of the report

Cash Flow report

data in thousands HUF, unless stated otherwise

Annex	31 December 2017	31 December 2016
Cash flow from operating activities		
Results after tax	(34.271)	(20.766)
Corrections:		
Current year's depreciation	-	183
Deferred tax	(50)	-
The result of the sale of a tangible assets	-	(50)
Changes of working capital		
Changes of customer and other demands	(98.926)	120.641
Changes of deferred charges	-	1.022
Changes of suppliers	(1.729)	(5.128)
Changes of other short-term liabilities	115.689	(41.123)
Changes of accrual charges	4.028	474
Paid tax	-	-
<i>Net cash flow from operating activities</i>	(15.259)	55.253
Cash flow from investing activities		
Purchase of tangible assets	-	-
Income from sales of tangible assets	-	7.570
Acquisition of invested financial assets	(2.193.332)	
Sales of invested financial assets	-	440.962
<i>Net cash flow from investing activities</i>	(2.193.332)	448.532
Cash flow from financing activities		
Bank lending/(repayment)	2.188.178	(8.739)
Capital extraction		(475.000)
<i>Net cash flow from financing activities</i>	2.188.178	(483.739)
Net changes of cash and cash equivalent items	(20.413)	20.046
Balance of cash and cash equivalent items in the beginning of the year	20.499	453
Balance of cash and cash equivalent items at the end of the year	86	20.499

Annexes between pages 9-47. are an integral part of the unique report

1. General part

1.1 The presentation of the company

The name of the Company:	KONZUM Investment and Asset Management Public Limited Company (hereinafter: "the Company")
Seat:	1065 Budapest, Révay utca 10. II. em.
Website:	www.konzum.hu
Date of establishment:	01 January 1988 as the legal successor of Konzum Department Store Cooperative Joint Venture
Date of Company registration:	28 October 1988
Company Registration Number:	02-10-050623
Main activities:	Renting and operating self-owned, rented property
Representative entitled to sign the annual report:	Gellért Zoltán Jászai, member of the Board of Directors Ádám Aladin Linczényi, member of the Board of Directors together
Name of person responsible for carrying out accounting tasks:	Katalin Kovács Registration number: 146499
The auditor of the company:	ESSEL Audit Könyvvizsgáló Kft. MKVK (CHA) registration number: 001109
The person responsible for auditing:	Dr Anna Hoffmann, née Dr. Sasvári MKVK (CHA) registration number: 001631

The Company's operational management is carried out by the Board of Directors. The Supervisory Board performs control tasks related to the operation of the Company, as stipulated in the Statutes.

On the basis of Resolution No. 80/2018 of the Chief Executive Officer of the Budapest Stock Exchange Ltd., the shares of the Company shall be classified as Premium Class shares with effect from 07 March 2018.

The ownership structure of KONZUM PLC according to the total share capital as of 31 December 2017 is as follows:

Owner's name	Ownership share 2017	Ownership share 2016	Ownership share 2017	Ownership share 2016
Konzum PE fund	40,31%	-	40,31%	-
Forlev Kft.	-	42,62%	-	42,62%
Lőrinc Mészáros	19,57%	-	19,57%	-
Gellért Zoltán Jászai	10,43%	32,93%	10,43%	32,93%
Clearstream Banking S.A.	-	9,85%	-	9,85%
Free float	29,69%	14,60%	29,69%	14,60%
	100.00%	100.00%	100.00%	100.00%

1.2 Basis of making the balance sheet

i) Acceptance and declaration of compliance with International Financial Reporting Standards

Unique financial statements were approved by the Board of Directors on 05 April 2018. Individual financial statements have been prepared in accordance with International Financial Accounting Standards, as published in the Official Journal of the European Union (EU), in the form of regulations. IFRS is the standards and interpretations formulated by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC).

As of 01 January 2017, the Company is obliged to bookkeeping according to the IFRS rules and this financial statements are the first IFRS financial statements that were prepared in accordance with IFRS 1 regulations of First-Time Transfers.

The unique financial statements were presented in Hungarian Forints, rounded to thousand HUF, unless otherwise indicated.

ii) The basis for the preparation of the report

The unique financial statements have been prepared in accordance with the effective Standards and IFRIC Interpretations issued on 31 December 2017.

The financial statements have been prepared on the basis of cost accounting, except in cases where IFRS requires the use of another valuation principle as seen in the accounting policy. The financial year is the same as the calendar year.

iii) The basis of assessment

For the individual financial statements, the basis of assessment is the original entry cost, except for the following assets and liabilities that are presented at fair value: derivative financial instruments, financial instruments assessed at fair value opposing the profit and realizable financial instruments.

When preparing financial statements that comply with IFRSs, management needs to apply professional judgment, estimates and assumptions that affect the applied accounting policies and the amounts of assets and liabilities, income and expenses in the report. Estimates and related assumptions are based on past experience and many other factors that are reasonable in the circumstances and which results conclude the basis for estimating the balance sheet value of those assets and liabilities that cannot be clearly defined from other sources. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on a regular basis. Changes in accounting estimates will be displayed during the estimation modification period, if the modification affects only the year concerned, or during the modification period and future periods, if the modification affects both current and future years.

2. Accounting policies

The following are the most significant accounting policies used in the preparation of the separate financial statements. Accounting policies have consistently been applied to the periods included in these consolidated financial statements. The most important accounting principles used in compiling the financial statements are as follows:

2.1 The essential elements of accounting policy

2.1.1 Shareholding in subsidiaries and affiliated companies

Shares in subsidiaries and affiliated companies are showed in the unique financial statements at entry cost, in amounts decreased with impairments.

2.1.2 Reporting currency and foreign currency balances

Regarding the content and circumstances of the underlying economic events, the parent company is functional and the reporting currency of the Company is the Hungarian Forint.

Foreign currency transactions not denominated in HUF were initially recorded at the exchange rates valid on the date of the execution of such transactions. Demands and liabilities in foreign currencies were converted to HUF at the balance sheet date, not considering the return on the asset as doubtful. The resulting exchange rate differences are recognized in the income statement between the financial incomes and expenses.

The financial statements were prepared in Hungarian Forint (HUF), rounded to the nearest thousand, unless otherwise stated. The unique financial statements were prepared in Hungarian Forints, which is the presentation currency of the Company.

Foreign currency transactions are accounted in the functional currency - on the amount in foreign currencies, the exchange rate of the reporting currency and foreign currency at the date of the transaction are applied. In the comprehensive income statement, exchange differences that arise from the settlement of the monetary items, from the initial visualization during the period or from the different exchange rate used in the preceding financial statements are recognized as income or expense, in the period in which they arose. Monetary assets and liabilities denominated in a foreign currency are converted at the valid exchange rate of the functional currency at the end of the reporting period. Items denominated in a foreign currency assessed at fair value are converted at the exchange rate prevailing at the time of determining the fair value. Foreign exchange differences of the customer demands and supplier liabilities are included in the profit of the business, while the exchange rate differences of the loans are showed in the income or expense of the financial transactions.

2.1.3 Turnover

Turnover of sales transactions occurs when the terms and conditions of the delivery contract are met. The turnover does not include the general sales tax. All revenues and expenditures are accounted on the basis of the comparator principle at the appropriate time.

2.1.4 Real estate, machinery, equipment

The tangible assets are presented at entry value, decreased with accumulated depreciation. The accumulated depreciation includes the planned depreciation related to the continuous usage and operation of the asset, as well as the not planned depreciation and significant impairment of the asset due to unexpected event, and the costs of depreciation accounted due to not planned damages.

The acquisition cost of tangible assets is part of the entry value of the asset, and in the case of an investment for the enterprise, tangible and wage costs incurred and other direct costs are included as well. The interest accrued on a loan for an investment of a tangible asset increases the cost of an asset until the asset's intended purpose is reached.

The book value of tangible assets is reviewed at specific intervals in order to determine whether the book value does not exceed the fair, market value of the asset as in this case, it is necessary to account write-offs until the asset's fair, market value is reached. The fair, market value of the asset is its sales price, and the higher price of its use value. Use value is the discounted value of future cash flows generated by the asset.

The discount rate includes pre-corporate tax interest rates, taking into account the time value of money and the effect of other risk factors associated with the asset. If there is no future cash flow available for the asset, then the cash flow of the unit that is part of the asset should be considered as basis. The so-defined impairment, not planned depreciation is seen in the profit statement.

The cost of repair, maintenance and replacement of tangible assets charge the maintenance costs. Value-added investments and renovations are activated. Entry costs and cumulative depreciation of sold and nulified, unused assets are eliminated. Any such possible gains or losses that may arise are part of the result for that year.

The value of the assets of the Company in regards of the useful lifecycle of the assets is described using linear method. Lifecycle per asset group is as follows:

Buildings	50 years
Hotels	33 years
Leased real estate	10 years
Machinery, equipment	3-7 years

2.1.5 Impairment

At the end of each reporting period, the Company will assess whether an impairment loss occurred on any asset. If such a change occurred, the Company estimates the expected recovery value of the asset. The expected recovery value of an asset or cash-generating unit is the higher of the fair value decreased with sales costs and use value. The Company recognizes an impairment at the expense of the profit, if the asset's expected recovery value is lower than its book value. The Company prepares the necessary calculations based on the appropriate discounting of long-term future cash flow plans.

2.1.6 Intangible assets

Uniquely acquired intangible assets are recognized at acquisition value, and intangible assets acquired in a business combination are recognized at fair value at the date of the acquisition. The inclusion in the books will occur if the use of the asset will demonstrably result in the inflow of future economic goods and its cost can clearly be determined.

After the acquisition, the entry value model is normative for intangible assets. The lifecycle of these assets is finite or cannot be determined. Amortization of finite lifecycle assets is carried out on a linear method using the best estimate of lifecycle. The amortization period and the amortization method will be reviewed annually at the end of the financial year. Self-produced intangible assets, except for development costs, are not activated, but are recognized in opposing the profit, at the year in which they arise. Intangible assets are reviewed annually, uniquely in regards of impairment individually or at the level of the income generating unit.

Purchase costs of goods and software within the scope of trademarks, licenses and industrial property legal protection are activated and written off with linear method, under the duration of their estimated useful lifecycle:

Intangible assets and other rights, as well as software	3-6 years
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2.1.7 Goodwill

Goodwill is a positive difference between the fair value and the acquisition cost of identifiable net assets of the acquired subsidiary, associate or jointly controlled entity, on the acquisition date. The goodwill will not be amortized, but the Company reviews each year whether there are any indications signs that the book value is unlikely to be recovered. Goodwill is recognized at entry cost decreased with possible impairment.

2.1.8 Receivables

The receivables are presented in the statements at their nominal value reduced with impairment that corresponds to the estimated losses. An estimate is prepared for the doubtful receivables based on the comprehensive review of the outstanding balance made at the end of the year.

2.1.9 Financial instruments

The financial instruments that belong under the effect of standard IAS 39 may be classified under the following four groups: Financial instruments evaluated at fair value either with profit or loss (“trading purpose”), loans and receivables, investments held until expiry and sellable financial instruments. When presenting the financial instruments, their initial evaluation is done at fair value.

After their initial presentation, the “trading purpose” or “sellable” financial assets are valued at fair value, and the non-realised exchange rate profit or loss achieved in the case of trading purpose instruments are accounted as revenue (expenditure), the non-realised exchange rate profit or loss achieved in respect of sellable instruments appears as a separate element of equity, until the investment is not sold or not removed from the books in any other manner, or until impairment is not accounted in respect of the given investment, at which time the accumulated profit or loss accounted under equity will be presented as revenue.

Those other investments of long term expiry, which are qualified as being kept until expiry, as e.g. certain bonds, are presented at depreciated purchase value after their first appearance. The calculation of the depreciated purchase value is done with taking into consideration the discount or premium obtained at the time of procurement during the period that lasts until expiry. In the case of investments that are registered at depreciated purchase value, the profit or loss generated when the investment is removed from the books or on the occasion of impairment, and during the depreciation period is presented as revenue.

In the case of investments that participate in stock exchange turnover, the market value is defined on the basis of the official exchange rate that is announced on the date of the balance sheet. In the case of securities that are not quoted or not sold on any stock exchange, the market value is the market value of similar/substituting financial investments, and in case this method cannot be applied, the market value is defined on the basis of the estimated future cash flow of the asset that is connected to the investment.

The Company examines at each balance sheet date whether it is necessary to account any impairment for the financial instrument or for a group of the instruments. If in the case of

instruments that are presented at the depreciated purchase value any condition occurs that makes the accounting of impairment necessary, the extent of the impairment is the difference of the book value of the instrument and the amount of the future cash flows of the instrument discounted with the original effective interest rate.

Impairment appears in the profit and loss statement. If subsequently the amount of the accounted impairment decreases, it will be reversed, however, only up to the extent that the book value of the instrument will not exceed the depreciated value on the balance sheet date.

Securities investments are valued at the exchange rate of the day of performance and initially at the purchase price. Those short-term investments, that include securities kept for trading purposes, are indicated at their fair market value effective at the time of the next report, and their value is accounted according to the publicly quoted exchange rate that is effective on the date of the balance sheet. The non-realised profits and losses are included in the profit and loss statement.

In the case of sellable securities, the non-realised profit and loss (fair value change) is accounted under equity, until the security is not sold or an impairment accounting related decision is not made, at which point the accumulated profit and loss accounted under equity until then will be accounted in the profit and loss statement of the given period.

2.1.10 Financial liabilities

The statement of the Company concerning the consolidated financial situation contains the following financial liabilities: supplier and other short-term liabilities, loans, credits, bank account credits and future deals. These are presented and evaluated in the specific report, in the relevant sections of the supplementary notes, as follows:

The Company appraises each financial liability at fair value at their initial appearance. In the case of credits, it also takes into consideration those transaction costs that may be directly attributed to acquiring the financial liability.

The Company classifies the financial liabilities that belong under the effect of IAS 39 under the following categories: financial liabilities appraised at real value against the profit, loans and credits, and hedge instruments of hedge accounting purpose. The Company defines the classification of the specific financial liabilities, when it acquires them.

Financial liabilities valued at fair value against the profit are liabilities, which the Company acquired with the intention of trading or which the company qualified as being appraised at fair value against the profit at the time when they initially appeared. The trading purpose financial liabilities include those liabilities, which the company primarily purchased for profit that was expectable from the short-term exchange rate movements. This category also includes those forward deals, which are not classified as efficient hedge instruments.

The loans and credits appear in the statement referring to the financial situation at depreciated procurement value calculated with the effective interest rate method. The profits and losses that are connected to loans and credits are accounted in the income related statement, when depreciation is calculated with the effective interest rate method, and when the given financial liability is removed. Depreciation is accounted in the income related statement as financial expense.

2.1.11 Derivative financial instruments

The derivative financial instruments initially are appraised at purchase price, and they are revalued at real market value at the time of the next report.

The change that takes place in the real value of the derivative financial instruments that are outside hedge deals is included in the profit and loss statement.

2.1.12 Special purpose reserves

The Company presents special purpose reserves for (legal or assumed) obligations that exist as a consequence of the happenings of the past, which the Company probably will have to settle, and if the amount of the obligation may be measured in a reliable manner.

The amount presented as a special purpose reserve is the best estimate concerning the expense that is needed at the date of the balance sheet for the settlement of the existing obligation, with taking into consideration the risks and uncertainties that are characteristic of the given obligation. If they are using for the appraisal of the special purpose reserve the cash-flow that is needed according to the expectations for the settlement of the existing obligation, the book value of the special purpose reserve is the current value of this cash-flow.

If a part or the total of the expenses needed for the settlement of the special purpose reserve will be refunded by another party according to the expectations, the receivable is presented as an asset, if it is practically certain that the company will get the refunding and the amount of the receivable may be measured in a reliable manner.

The existing obligations due to disadvantageous contracts are presented as special purpose reserves. The Company classifies a contract as being disadvantageous, if based on the contract the unavoidable costs of performing the existing obligations exceed the expected economic benefits that will be collected based on the contract.

A reorganisation special purpose reserve is presented, if the Company prepared a detailed formal plan concerning reorganisation and by starting the implementation of the plan or by announcing the main features of the plan to those involved, those involved may expect with reason that the Company will carry out the reorganisation. The reorganisation special purpose reserve includes only those direct expenses that will occur in connection with the reorganisation, which are necessary accessories of the reorganisation, and which are not connected to the continued activity of the company.

2.1.13 Corporate tax

The extent of the corporate tax is based on the law on the corporate and dividend tax and the tax payment liability that is defined by the local trade tax regulation, and it is modified with the deferred tax. The corporate tax payment liability contains current and deferred tax elements.

The current year tax payment liability is defined on the basis of the taxable profit of the given year. The taxable profit deviates from the profit before tax that is indicated in the specific report, due to the profits and losses that are not included in the profit base, and due to items, that are taken into consideration under the taxable profit of other years. The current tax payment liability of the Company is defined on the basis of the tax rate that is in effect or which is announced (in case announcement is identical with entering into force) until the date of the balance sheet. The deferred tax is calculated according to the liability method.

Deferred tax is generated in those cases, when there is a difference in time as regards presenting a given item in the annual report and its accounting according to the tax act. The deferred tax receivable and liability are defined with using the tax rates of the taxable revenues of those years, when the deviation due to the time difference will be refunded according to the expectations. The extent of the deferred tax liability and tax receivable reflects the estimate of the Company existing on the date of the balance sheet, concerning the method of realising the tax assets and liabilities.

A deferred tax receivable is included in the balance sheet in respect of the deductible time deviations, the tax allowances that may be carried forward and the negative tax base only if it is

probable that the Company will realise profit that will generate the tax base in the course of its future activity, against which a deferred tax asset may be enforced.

On each balance sheet date, the Company takes into account those deferred tax assets that are not recognised in the balance sheet, and the book value of the recognised tax assets. It will include in the portfolio that part of the receivables that was not included in the balance sheet previously, and which may be refunded according to the expectations as the decreasing of its future profit tax. Contrarily to this, the Company will reduce its deferred tax receivable up to the extent, for the covering of the refunding of which there will be no profit after tax available according to the expectations.

The tax of the given year and the deferred tax is accounted directly against equity, in case it refers to an item, which was also accounted against the equity either in the same or in another period, including also the modifications of the opening value of the reserves that occur because of the changing of the accounting policy made with retroactive effect.

The postponed tax assets and liabilities may be accounted against each other, if the company has the right on the basis of the law to set off its actually tax receivables and liabilities – existing towards the same tax authority - against each other, and the Company wishes to implement the net accounting of these assets and liabilities.

2.1.14 Leasing

We deal with financial leasing, when according to the conditions of the leasing all the risks and costs arising from the possession of the asset burdens the leaseholder. All other leasing deals are classified as operating leasings.

In the case of a financial leasing, the assets leased by the Company are qualified as the assets of the Company, and they are presented at the fair value that is effective, when it is acquired. The liability occurring towards the lessor appears in the balance sheet as a financial leasing liability. The costs that occur in connection with the leasing, which is the difference between the fair value of the procured assets and of the entire leasing liability, are accounted at the expense of profit during the entire period of the leasing, in such a manner that they mean a constant expense appearing periodically in respect of the existing amount of the liability in the specific periods.

Such expenses result from the difference between the total liabilities and the market value of the leased asset at the time of acquisition and are recognised in the profit and loss account either over the relevant leasing tenor, in order to facilitate the monitoring of the changes in the balance of the outstanding liability from time to time or in the individual reporting periods.

2.1.15 Off-balance sheet items

The off-balance sheet liabilities are not included in the balance sheet and in the profit and loss statement that are included in the specific annual report, except if they were acquired in the course of business combinations.

They are presented in the supplementary notes, except if the probability of the outflow of the resources manifesting economic benefit is remote, minimal. The off-balance sheet receivables are not presented in the balance sheet and in the profit and loss statement included in the specific annual report, however, if the inflow of economic benefits is probable, they are introduced in the supplementary notes.

2.1.16 Repurchased own shares

The nominal value of the repurchased own shares is deducted from the registered capital. The difference between the nominal value and the purchase value is accounted directly in the capital surplus.

2.1.17 Dividend

The dividend is accounted by the Company in the year in which the owners approve it.

2.1.18 Profit of financial operations

Financial profit consists of the interest and dividend revenues, the interest and other financial expenses, the profit and loss of the fair valuation of the financial instruments, and the realised and non-realised exchange rate differences.

2.1.19 State subsidies

State subsidies are accounted when it is probable that the subsidy will be received and the prerequisites of disbursing the subsidy will be met. When the subsidy is for paying a cost, then it

has to be accounted for the benefit of the income statement of the period, in which the cost to be paid occurs (under other revenues). When the subsidy is connected to the procurement of assets, it is accounted as deferred revenue and it is accounted for the benefit of the profit in annually equal amounts during the useful lifetime of the connected asset.

2.1.20 Events occurring after the date of the balance sheet

Those events that occur after the end of the reported period, which provide additional information about the circumstances that exist at the end of the reporting period of the Company (modifying items), are introduced in the report. Those events occurring after the reporting period, which do not modify the data of the report are presented in the supplementary notes, provided they are substantial.

2.2 Changes of the accounting policy

The accounting policy of the Company is the same as the accounting policies that were used in the previous years.

The following yet not effective standards and interpretations have been issued until the issuance of the report. The Company plans to adopt the standards at the time of their effective dates.

IFRS 9 - Financial instruments: classification and valuation (effective as of January 1, 2018)

This standard introduces new requirements in connection with the classification, valuation and impairment of financial assets and financial liabilities. It is expected that the application of the IFRS 9 standard will have an impact on the qualification and valuation of the financial assets of the Company, however, probably, it will not influence the qualification and valuation of the financial liabilities. According to expectations the new standard will not have a significant impact on the report of the Company.

IFRS 15 – IFRS 15, Accounting revenues from Contracts with Customers (effective as of January 1, 2018)

The IASB issued a new standard on May 28, 2014 on accounting the sales revenues received from contracts concluded with clients. It will be mandatory to apply the new revenue standard for those applying IFRS in the case of the reporting periods that will be started on January 1, 2018 or afterwards. The new standard will replace the current regulations included in IAS 18 on revenues and in IAS 11 on the investment contracts in the area of accounting revenues. According to the new standard the companies have to apply a “five-step model” for defining when and in what amount they will present the sales revenue. According to the model, the revenue has to be presented in a way that reflects the transfer of the promised product or

service, in an amount, which the company will be entitled to according to its expectations. According to the expectations the new standard will not have a significant impact on the report of the Company.

IFRS 16 - Leasing (effective as of January 1, 2019)

The IASB issued a new standard on January 13, 2016 in connection with the accounting of leasing deals. It will be mandatory to apply the new leasing standard for those applying IFRS in the case of the reporting periods that will be started on January 1, 2019 or afterwards. The new standard will replace the current regulation of the IAS 17 standard on leasing, and it will essentially change the accounting of operating leasings that was applied so far. The Company will investigate the effect of this modification.

The Company applied in 2017 all the IFRS standards, modifications and interpretations that are effective as of January 1, 2017, and which are relevant from the aspect of the operation of the Company.

2.3 Uncertainty factors

When applying the accounting policy introduced in Point 2.1, it is necessary to apply estimates and assumptions for defining those values in a given point in time of certain assets and liabilities, which values cannot be unambiguously defined on the basis of other sources. The process of estimating includes the decisions and relevant factors that are based on the most recent information available. These significant estimates and assumptions may influence the value of those assets and liabilities, revenues and expenditures that appear in the financial statements, and the presentation of the pending assets and liabilities in the supplementary notes. The actual achievements may deviate from the estimated data.

The estimates are continuously updated. It has to be taken into consideration within the period of the change occurring in the accounting estimates, provided the change involves only the given period, and it has to be taken into consideration in the period of the change and in the future periods, in case the change involves both periods.

3. Deferred tax receivables

When calculating the deferred tax, the Company compares the values that may be taken into consideration from the aspect of taxation with the book values, by assets and liabilities. If the difference is a transitional difference, that is, the difference will be balanced within a foreseeable time, then it will be either a deferred tax liability or a deferred tax asset depending on its sign.

The Company separately examines refunding at the time when the asset is entered into the books.

The company calculates deferred tax with a 9 % tax rate, since the given assets and liabilities will become actual items in those periods, in which according to the expectations the tax rate will remain unchanged.

The assets are supported by the tax strategy prepared by the management, which strategy proves that the asset will be refunded.

The following deviations causing deductible and taxable tax differences were identified in year 2017 and year 2016:

	Opening Dec. 31, 2016	Changing of the consolidation group	Increase	Decrease	Closing Dec. 31, 2017
Impairment	-	-	50	-	50
Total	-	-	50	-	50

4. Participations

The company had the following shares in other companies:

Name of company	December 31, 2017	December 31, 2016
Konzum Áruház Kft.	30	30
KPRIA Magyarország Zrt.	580	2,250
KONZUM MANAGEMENT Kft.	900	900
Konzum Befektetési Alapkezelő Zrt.	30,960	30,960
KZBF Invest Kft.	2,700	2,700
Appeninn Nyrt.	2,195,002	-
Total	2,230,172	36,840

5. Trade receivables

	December 31, 2017	December 31, 2016
Trade receivables	2,140	2,180
To be subtracted: impairment	(554)	(554)
Total	1,586	1,626

6. Receivables from connected undertakings

Name of company	December 31, 2017	December 31, 2016
Konzum Management Kft.	63,557	-
Konzum Áruház Kft.	3,196	-
Total	66,753	-

7. Other short-term receivables

	December 31, 2017	December 31, 2016
Tüzépker receivables	563,121	578,331
Loans provided	228	258
Loan provided for KPRIA	50,000	-
Tax receivables	-	1,054
Other	4,482	8,066

Total	617,831	587,709
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8. Asset accruals

	December 31, 2017	December 31, 2016
Accrual of sales revenue	6	6
Total	6	6

9. Securities

	December 31, 2017	December 31, 2016
Securities	200	200
Total	200	200

The company keeps on the records among the securities 20 shares of SZIMFÉK Székesfehérvári Metál Fék- és Köszörűgyár Zrt of a nominal value of 2,000 thousand HUF/share.

10. Cash and cash equivalents

	December 31, 2017	December 31, 2016
Cash desks	-	-
Bank account	86	20,499
Total	86	20,499

11. Registered capital and reserves

The registered capital of the Company consists of 20,860,000 registered dematerialised ordinary shares of the nominal value of 25 HUF/share.

In year 2016, the Company decided to withdraw the capital of 475,000 thousand HUF, and it reduced its registered capital with an additional 1,031,990 thousand HUF for the benefit of the retained earnings.

Equity matching table:

	According to the IFRS rules	Reclassification	According to the Hungarian classification rules
Registered capital	521,500		521,500
Retained earnings	68,770		68,770
Profit after tax	(34,271)		(34,271)
Balance on December 31, 2017	555,999	-	555,999

12. Credits and loans

	December 31, 2017	December 31, 2016
Takarékbank Zrt.	2,195,003	-
Other	-	6,825
Short-term credits, total	2,195,003	6,825

Takarékbank Zrt credit

Konzum Nyrt and KONZUM MANAGEMENT Kft signed a loan contract on September 25, 2017 with the Magyar Takarékszövetkezeti Bank Zrt for acquiring a share packet of Appeninn Nyrt, the total allocation of which is 5.2 billion HUF. The credit is denominated in HUF, its interest rate is the 3-month BUBOR + 2.5 %, its expiry is September 3, 2018. The character of the collateral is the foundation of a joint and several caution money up to the value of 5.2 billion HUF and its contributions, member loan, the receivables and assets against Appeninn Nyrt (cash, dividend, revenue of selling real estate). The collaterals: 6,958,067 Opus shares or 3,471,295 Konzum shares or 21,532,091 Appeninn shares, subordinated to the Takarékbank loan, which may be used primarily for prepayment.

13. Liabilities towards connected undertakings

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Konzum PE	135,392	-
Jászai Gellért	17,950	-
Konzum Management Kft.	-	2,832
Total	<u>153,342</u>	<u>2,832</u>

14. Other liabilities

The value of other liabilities contained the following items on December 31, 2017 and December 31, 2016:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Income debt	292	131
Business quota purchase price	-	34,402
Caution money	382	382
Tax liability	-	5,149

Other	4,030	-
Total	4,704	40,064

15. Liability accruals

The value of the accrual of liabilities included the following items on December 31, 2017 and on December 31, 2016:

	December 31, 2017	December 31, 2016
Accrual of costs	5,428	1,400
Total	5,428	1,400

16. Net sales revenue

	December 31, 2017	December 31, 2016
Accounting services	-	3,635
Mediated services	-	305
Consulting	-	20,000
Total	-	23,940

17. Material-type expenditures

	December 31, 2017	December 31, 2016
Material costs	-	710
Services used	24,743	16,930

Total	24,743	17,640
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The services used consist of the following:

	December 31, 2017	December 31, 2016
Bank costs	412	605
Rental fees	184	614
Insurance fees	423	27
Maintenance costs	8	1,856
Expert fees	17,795	4,142
Post, phone	10	1,334
Other	5,911	8,352
Total	24,743	16,930

18. Personal-type expenditures

	December 31, 2017	December 31, 2016
Wage cost	6,630	10,707
Other personal-type benefits	248	694
Contributions	1,501	2,896
Total	8,379	14,297
Average number of workers on staff	1	4

19. Other expenditures and other revenues

	December 31, 2017	December 31, 2016
Fines paid	500	98
Local trade tax	-	1,108
Result of tangible asset sales	-	1,170
Result of assignment	-	(1,765)
Uncollectible receivables	-	9,940
Other	-	212
Total	500	10,763

20. Revenues of financial operations

	December 31, 2017	December 31, 2016
Interests received	679	-
Exchange rate profit	-	7
Total	679	7

21. Expenditures of financial operations

	December 31, 2017	December 31, 2016
Paid interests	1,407	1,019
Exchange rate loss	-	21
Total	1,407	1,040

22. Income taxes

Expenditures connected to the income taxes consist of the following:

	December 31, 2017	December 31, 2016
Corporate tax	(29)	790
Deferred tax	(50)	-
Total	(79)	790

The Company level corporate tax in the given year was defined on the basis of the taxable profit of the specific companies established according to the local rules.

At present, in Hungary, the range of tax types stipulated, levied by the specific tax authorities are regulated by several relevant laws. The related legislation covers among others the scope of VAT, the corporate tax, the local taxes and the taxes and contributions that are connected to wages. The inspection right of tax related accountings is due to the tax authorities, which are entitled to levy different fines, negligence penalties in the case of legislative non-compliance and the infringement of the legislation, within the frameworks that are ensured by the law. It is the firm belief of the management that the value of the tax liabilities included in the report is in harmony with the legislative provisions, At the same time, each authority is entitled to take a different standpoint, the impact of which may be even of a significant extent.

The tax has been derived as follows:

	2017	2016
	<hr/>	<hr/>
Profit before tax	(34,271)	(20,766)
Tax payment liability calculated on the basis of the current tax rate, 9%	(3,084)	(1,869)
Non-presented loss accrual	3,034	1,869
Permanent differences	(29)	790
	<hr/>	<hr/>
Income taxes, total	(79)	790
	<hr/> <hr/>	<hr/> <hr/>

23. Risk management

The assets of the company include the cash and cash equivalents, the securities, the trade and other receivables, and the other assets – except the taxes. The liabilities of the Company include the credits and loans, the supplier and other liabilities, except the taxes and profit or loss that is due to the revaluation at fair value of the financial liabilities.

The Company is exposed to the following financial risks:

- credit risk
- liquidity risk
- market risk

This section presents the Company's above risks, the Company's objectives, policies, the measurement of the processes and the management of the risks, as well as the management capital of the Company. The Directorate has a general liability in the areas of establishing, supervising the Company and the risk management of the Company.

The purpose of the risk management policy of the Company is to filter out and examine those risks, which the Company has to face in order to establish the appropriate controls and to supervise the risks. The risk management policy and system are reviewed in order to reflect the changed market conditions and the activities of the Company.

Management of the capital

The key element of the capital policy of the Company is to retain its share capital that is sufficient for the investor and creditor trust to sustain the future development of the Company. The capital structure of the Company consists of net foreign capital and from the equity of the Company.

The Company in the course of managing the capital tries to ensure the possibility for the members of the Company to continue their activity and at the same time to maximise for the owners the returns by optimally balancing the loan capital and the equity, and it tries to keep the optimal capital structure in the interest of reducing the capital costs.. The Company also monitors whether the capital structure of its member companies meet the local legislative provisions.

Foreign capital was the following at the end of the reporting period:

	December 31, 2017	December 31, 2016
Credits, loans	2,195,003	6,825
Deducted: Cash and cash equivalents	(86)	(20,499)
Net debt portfolio	<u>2,194,917</u>	<u>(13,674)</u>
Equity	555,999	590,270
Net equity	<u>(1,638,918)</u>	<u>603,944</u>

Risk of providing credits

The risk of providing credit expresses the risk of the debtor or partner not performing its contractual obligations, which will lead to a financial loss for the Company. Financial instruments are exposed to credit providing risks, they may be long-term or short-term outplacements, they may be cash or cash equivalent, trade or other receivables.

The book value of financial instruments represents the maximum risk exposure. The following table shows the maximum credit risk exposure of the Company on December 31, 2017 and on December 31, 2016.

	December 31, 2017	December 31, 2016
Trade receivables	1,586	1,626
Other short-term receivables	617,831	587,709
Receivables from connected undertakings	66,753	-
Securities	200	200
Cash and cash equivalents	86	20,499
Total	<u>686,456</u>	<u>610,034</u>

Liquidity risk

Liquidity risk is the risk that the Company will not be able to perform its financial obligations at their due times. The Company's primary approach to liquidity management is to provide an appropriate liquidity at all times, as far as possible, for performing its obligation by their due times, both in the case of ordinary and in the case of strenuous circumstances, without the occurrence of any unacceptable loss and without risking the reputation of the Company.

The purpose of the Company is to sustain a balance between the continuity of financing and flexibility when establishing the portfolio of financial reserves and credits.

According to the opinion of the management no liquidity difficulties are expectable, since the revenues safely cover the debt service and the operation costs.

The Company meets its payment obligations by the deadline, and it had no expired debt on December 31, 2017 and December 31, 2016.

The structure of the financial obligations contracted and actually payable (not discounted) is summarised in the following table as regards December 31, 2017 and December 31, 2016:

December 31, 2017	due within 1 year	due within 2-5 years	due beyond 5 years	Total
Trade receivables	1,586			1,586
Receivables of connected undertakings	66,753			66,753
Other short-term receivables	617,831			617,831
Securities	200			200
Financial instruments	686,370	-	-	686,370
Short-term credits and loans	2,195,003			2,195,003
Supplier liabilities	3,760			3,760
Liabilities towards connected parties	153,342			153,342
Other liabilities	4,704			4,704
Corporate tax obligations	5,428			5,428
Financial liabilities	2,362,237	-	-	2,362,237
December 31, 2016	due within 1 year	due within 2-5 years	due beyond 5 years	Total
Trade receivables	1,626			1,626
Other short-term receivables	587,709			587,709
Securities	200			200
Financial instruments	589,535	-	-	589,535
Short term credits and loans	6,825			6,825
Supplier liabilities	5,489			5,489
Liabilities towards connected parties	2,832			2,832
Other liabilities	40,064			40,064
Financial liabilities	55,210	-	-	55,210

The member companies of the Company prepare cash-flow plans, which they continuously update. The Company examines with rolling forecasting the cash need of the Company in the interest of ensuring the appropriate cash portfolio that is needed for operation and for performing the financial indices that are defined in the credit contract. The cash surplus appearing on the level of the Company are manifested on deposit accounts, in tied down deposits and in securities.

Market risk

The market risk is the risk that the changes of the exchange rates, the interest rates and the prices of investments made into investment funds will influence the profit of the Company or the value of its investments that are in financial instruments. The purpose of managing the market risk is to manage and control the exposure to market risk within acceptable limits, with optimising the related benefit.

Sensitivity analysis

The Company established that its profit basically depends on the interest risk. In respect of this key variable the Company implemented sensitivity tests.

The Company tries to reduce the interest risks primarily by tying down its free financial assets. The Company does not conclude any exchange rate hedge deals.

The result of the interest sensitivity test (in the percentage of the changing of the interest) as regards the continued activities:

With actual interests	December 31, 2017	December 31, 2016
Profit before tax – without interest expenditure	-32 894	-17 924
Net interest expenditure	-728	-1 019
Profit before tax	-33 622	-18 943
1 %		
Profit before tax – without interest expenditure	-32 894	-17 924
Net interest expenditure	-735	-1 029
Profit before tax	-33 629	-18 953
<i>Changing of the profit before tax</i>	<i>-7</i>	<i>-10</i>
<i>Changing of the profit before tax (%)</i>	<i>0.022%</i>	<i>0.054%</i>
5 %		
Profit before tax – without interest expenditure	-32 894	-17 924
Net interest expenditure	-764	-1 070
Profit before tax	-33 658	-18 994
<i>Changing of the profit before tax</i>	<i>-36</i>	<i>-51</i>
<i>Changing of the profit before tax (%)</i>	<i>0.108%</i>	<i>0.269%</i>
10 %		
Profit before tax – without interest expenditure	-32 894	-17 924
Net interest expenditure	-801	-1 121
Profit before tax	-33 695	-19 045
<i>Changing of the profit before tax</i>	<i>-73</i>	<i>-102</i>
<i>Changing of the profit before tax (%)</i>	<i>0.217%</i>	<i>0.538%</i>
-1 %		
Profit before tax – without interest expenditure	-32 894	-17 924
Net interest expenditure	-721	-1 009
Profit before tax	-33 615	-18 933
<i>Changing of the profit before tax</i>	<i>7</i>	<i>10</i>
<i>Changing of the profit before tax (%)</i>	<i>-0.022%</i>	<i>-0.054%</i>
-5 %		
Profit before tax – without interest expenditure	-32 894	-17 924
Net interest expenditure	-692	-968
Profit before tax	-33 586	-18 892
<i>Changing of the profit before tax</i>	<i>36</i>	<i>51</i>
<i>Changing of the profit before tax (%)</i>	<i>-0.108%</i>	<i>-0.269%</i>
-10 %		
Profit before tax – without interest expenditure	-32 894	-17 924
Net interest expenditure	-655	-917
Profit before tax	-33 549	-18 841
<i>Changing of the profit before tax</i>	<i>73</i>	<i>102</i>
<i>Changing of the profit before tax (%)</i>	<i>-0.217%</i>	<i>-0.538%</i>

24. Financial instruments

The following are classified as financial instruments: loans granted, invested financial assets, from among the operating assets the trade receivables, the securities and cash and cash equivalents, as well as the credits and loans drawn and the supplier liabilities.

December 31, 2017	Book value	Fair value
Financial instruments		
<i>Sellable investments registered at fair value</i>		
Securities	200	200
Receivables from connected undertakings	66,753	66,753
<i>Loans and receivables registered at depreciated purchase value</i>		
Trade and other receivables	617,831	617,831
Cash and cash equivalents	86	86
Financial liabilities		
<i>Liabilities registered at depreciated purchase value</i>		
Financial liabilities	2,193,003	2,195,003
Supplier liabilities	3,760	3,760
December 31, 2016	Book value	Fair value
Financial instruments		
<i>Sellable investments registered at fair value</i>		
Securities	200	200
<i>Loans and receivables registered at depreciated purchase value</i>		
Trade and other receivables	587,709	587,709
Cash and cash equivalents	20,499	20,499
Financial liabilities		
<i>Liabilities registered at depreciated purchase value</i>		
Financial liabilities	6,825	6,825
Supplier liabilities	5,489	5,489

The fair value was defined in both years at the fair value that corresponds to level 3.

25. Transactions conducted with connected parties

The transaction conducted with connected parties were introduced in the notes that refer to the relevant balance sheet lines.

26. Subsidiaries and associated companies of the Company

<i>Subsidiaries</i>	Voting and ownership ratio		Address
	2017	2016	
HUNGUEST Hotels Szállodaipari Zrt.	59.94%	28.80%	2053 Herceghalom, Zsámbéki út 16.
KZBF INVEST Vagyonkezelő Kft.	90.00%	-	7621 Pécs, Irgalmasok utca 5.
Konzum Befektetési Alapkezelő Zrt.	45.80%	45.80%	1026 Budapest, Riadó utca 1-3.
Erkel Hotel Kft.	59.94%	-	5701 Gyula, Várkert 1.
Turizmus Stratégia Fejlesztő és Tanácsadó Kft.	59.94%	-	2053 Herceghalom, Zsámbéki út 16.

<i>Associated companies</i>	Voting and ownership ratio		Address
	2017	2016	
KPRIA Magyarország Zrt.	11.49%	45.00%	1026 Budapest, Riadó utca 1-3.
KONZUM MANAGEMENT Kft.	30.00%	30.00%	1065 Budapest, Révay utca 10.
Legatum '95 Kft.	36.00%	36.00%	7621 Pécs, Irgalmasok utca 5.
Appeninn Vagyonkezelő Holding Nyrt.	23.86%	-	1022 Budapest, Bég u. 3-5.

27. Contingent liabilities

The Company undertook guarantees and sureties for its long-term and short-term credits and loans. The Company did not have any other contingent liabilities on December 31, 2017 beyond the contingent liabilities that are described in the notes that refer to the balance sheet line of credits and loans.

28. First application of the IFRSs

The equity situation of the Company on January 1, 2016 (the time when migration to IFRS took place)

	Note	Hungarian standards	Modification	IFRS
ASSETS				
Assets over one year				
Real estates, machines, equipment		7,638		7,638
Intangible assets		65		65
Investment into subsidiaries		477,802		477,802
Deferred tax receivables		-		-
Assets over one year, total		485,505		485,505
Current assets				
Trade receivables		38,340		38,340
Receivables from connected parties		445		445
Other short-term receivables		671,191		671,191
Accrued assets		1,028		1,028
Securities		200		200
Cash and cash equivalents		453		453
Current assets, total		711,657		711,657

Assets, total	1,197,162	1,197,162
LIABILITIES		
Equity		
Registered capital	2,086,000	2,086,000
Retained earnings	(1,031,990)	(1,031,990)
Profit of the given year	32,026	32,026
Equity, total:	1,086,036	1,086,036
Short-term liabilities		
Short-term credits and loans	15,564	15,564
Supplier liabilities	10,617	10,617
Liabilities towards connected undertakings	69,724	69,724
Other liabilities	14,295	14,295
Accrued liabilities	926	926
Short-term liabilities, total	111,126	111,126
Liabilities and equity, total	1,197,162	1,197,162

The equity situation of the Company on December 31, 2016

	Note	Hungarian standards	Modification	IFRS
ASSETS				
Assets over one year				
Investments into subsidiaries		36,840		36,840
Assets over one year, total		36,840		36,840
Current assets				
Trade receivables		1,626		1,626
Receivables from connected parties		-		-
Other short-term receivables		587,709		587,709
Accrued assets		6		6
Securities		200		200
Cash and cash equivalents		20,499		20,499
Current assets, total		610,040		610,040
Assets, total		646,880		646,880
LIABILITIES				
Equity				
Registered capital		521,500		521,500
Retained earnings		89,536		89,536
Profit of the given year		(20,766)		(20,766)
Equity, total:		590,270		590,270
Short-term liabilities				
Short-term credits and loans		6,825		6,825
Supplier liabilities		5,489		5,489
Liabilities towards connected enterprises		2,832		2,832
Other liabilities		40,064		40,064
Accrued liabilities		1,400		1,400
Short-term liabilities, total		56,610		56,610
Liabilities and equity, total		646,880		646,880

The profit of the company as regards 2016

	Note	Hungarian standard	Modification	IFRS
Net sales revenue		23,940		23,940
Material-type expenditure		(17,640)		(17,640)
Personal-type expenditure		(14,297)		(14,297)
Depreciation written off		(183)		(183)
Other expenditures, other revenues		(10,763)		(10,763)
Operating costs		(42,883)		(42,883)
Operating profit		(18,943)		(18,943)
Financial revenues		7		7
Financial expenditures		(1,040)		(1,040)
Profit before tax		(19,976)		(19,976)
Income taxes		(790)		(790)
Profit after tax		(20,766)		(20,766)
Other comprehensive income		-		-
Total comprehensive income		(20,766)		(20,766)

The cash flow statement of the Company for 2016

	Hungarian standards	Modification	IFRS
Cash flow from operating activities			
Profit after tax	(20,766)		(20,766)
Adjustments:			
Depreciation of the given year	183		183
Deferred tax	-		-
Profit of selling tangible assets	(50)		(50)
Changes of the working capital			
Changes of trade and other receivables	120,641		120,641
Changes of accrued assets	1,022		1,022
Changes of suppliers	(5,128)		(5,128)
Changes of other short-term liabilities	(41,123)		(41,123)
Changes of accrued liabilities	474		474
<i>Net cash-flow from operating activities</i>	55,253		55,253
Cash flow from investment activity			
Tangible assets and intangible assets (procurement)	-		-
Revenue of selling tangible assets	7,570		7,570
Selling invested financial assets	440,962		440,962
<i>Net cash flow from investment activities</i>	448,532		448,532
Cash flow from financing activities			
Calling down bank credit (repayment)	(8,739)		(8,739)
Withdrawal of capital	(475,000)		(475,000)
<i>Net cash flow from financing activities</i>	(483,739)		(483,739)
Net changes of cash and cash-type items	20,046		20,046
Year-beginning balance of cash and cash-type items	453		453
Year-end balance of cash and cash-type items	20,499		20,499

29. Remuneration of the Directorate and of the Supervisory Board

	December 31, 2017	December 31, 2016
Remuneration of the Directorate and of the Supervisory Board	6,630	2,330
Total	6,630	2,330

30. Events occurring after the date of the balance sheet

Capital increases

1. Based on the in kind contribution contract signed on February 14, 2018 by and between the KONZUM PE Magántőkealap, as in kind contributor and the company, as the in kind contribution receiver, the KONZUM PE Magántőkealap made available to KONZUM Nyrt its 100 % business quota ("BusinessQuota1") it owns in KZH INVEST Korlátolt Felelősségű Társaság and its 10 % business quota ("BusinessQuota2") it owns in KZBF INVEST Vagyonkezelő Korlátolt Felelősségű Társaság as a non-cash asset contribution. The Directorate accepts the value of BusinessQuota1 in the amount of 14 831 248 000 HUF and it accepts the value of BusinessQuota2 in the amount of 1 333 645 000 HUF, which amounts were defined by the PricewaterhouseCoopers consulting company.

This way the share capital of the Company increased to 650,160,400 HUF, while the number of the registered shares is 26,006,416, with the nominal value of 25 HUF/share.

2. A purchase and sale contract was concluded by and between the Wellnesshotel Építő Kft as seller and the Company as buyer on the day of March 27, 2018 concerning the real estate of Hotel Saliris Resort**** physically located at the address of Egerszalók, Forrás utca 6 (Contract1) and for the real estate of Hotel Alpenblick**** physically located at the address of Kreischberg-Murau, St.Lorenzen 6 (Contract2). As a result of the purchase and sale contract a cash receivable was created of the Wellnesshotel Építő Kft of the total amount of 2,674,471,580 HUF against the Company (Total Money Receivable). In line with the contents of the In-Kind Contract established on April 3, 2018, the Wellnesshotel Építő Kft made available the amount of the Total Money Receivable as a non-cash asset contribution to the Company.

The Directorate puts into private circulation, based on the asset contribution, 851,471 registered shares each of the nominal value of 25 HUF of the issuance value of 3,141 HUF providing identical rights. The entity entitled to subscribe these shares is the Wellnesshotel Építő Kft.

3. Based on the In-Kind Contribution Contract that was concluded by and between the KONZUM PE Magántőkealap, as the in kind contributor and the Company, as the receiver of the in kind contribution, the KONZUM PE Magántőkealap makes available to KONZUM Nyrt as a non-cash asset contribution its 100 % business quota existing in Holiday Resort Kreischberg-Murau GmbH owned by it.

The Directorate accepts the value of the Business Quota in the amount of 897,131,000 HUF, which amount was defined by the PricewaterhouseCoopers consulting company.

The Directorate, based on the asset contribution puts into private circulation 285,619 registered shares of the nominal value of 25 HUF/share of the issuance value of 3,141 HUF ensuring identical rights ensuring identical rights. The entity entitled to subscribe these shares is the KONZUM PE Magántőkealap.

4. The Company decided on March 7, 2018 that it wishes to increase its share capital through making available to the Company the Shares (BLT Group Zrt.) and Real Estates that are defined in the following. In the course of increasing the share capital the new shares will be issued by putting them into private circulation. The issuance value of the KONZUM shares intended to be newly put into circulation - in view of the fact that the Transaction will take place as a supplement to the share capital increase decided and published by the Company on December 12, 2017 - in respect of the KONZUM shares will be the closing exchange rate of the day of December 11, 2017 of the amount of 3,141 HUF as registered by the Budapesti Értéktőzsde Zrt, independently of the fact when the Company will carry out the specific parts of the Transaction. The targeted deadline for completing the transactions intended to be implemented in the interest of increasing the share capital of the Company is April 30, 2018.

Stock exchange classification

The Company on the day of March 5, 2018 initiated the reclassification of its registered shares (Konzum share; ISIN: HU0000142419) into the Premium Category of the Budapest Stock Exchange (BÉT), since it has met the conditions that are included in the relevant Rules of BÉT in the two examination periods that preceded the submission of the application.

Based on the decision of the Wiener Börse AG the shares of the Company became a part of the CECE index. The weight of the Konzum shares may be estimated to be in the CECE index 0.06 % and it was finalised on the day of March 12, 2018. The new basket composition became effective on the day of March 14, 2018.

CIG Pannónia Nyrt Agreement

On January 30, 2018, the General Assembly of CIG Pannónia Életbiztosító Nyrt consented to the Company acquiring an ownership of the extent of 24.85 % in the CIG Pannónia Nyrt with increasing the capital. Exclusively the Company will be entitled to subscribe the 23 466 020 shares that will be issued as the result of a private share capital increase, with each share having a nominal value of HUF 40 and an issuance value of 350 HUF and being an „A” series dematerialised registered share ensuring a voting right.

Moreover, the General Assembly of CIG Pannónia Életbiztosító Nyrt. consented to the KONZUM PE Magántőkealap – managed by the Konzum Befektetési Alapkezelő Zrt owned by the Company up to the extent of 47 % - to sell to CIG Pannónia Életbiztosító Nyrt 1 368 851 registered shares of 25 HUF/share nominal value issued by the Company at a purchase price of 3000 HUF/share. With the closing of the transaction the CIG Pannónia Életbiztosító Nyrt will acquire an ownership of 6.16 % in the Company.

The purpose of the above cross-ownership realising strategical co-operation is to achieve that the Company and the CIG Pannónia Életbiztosító Nyrt will mutually promote the maximising of the shareholder value, the economic activity, and the market positions of each other, in the interest of successful and profitable operation.

Deals of Appeninn Nyrt

The Company as the buyer and the KONZUM MANAGEMENT Kft as the seller signed a purchase and sale contract concerning the purchasing of 924,832 dematerialised registered shares issued by Appeninn Nyrt of the nominal value of 100 HUF/share at the purchase price that corresponds to the closing exchange rate registered by the Budapesti Értéktőzsde Zrt on March 8, 2018, that is, at the purchase price of 638 HUF/share. As a result of the transaction the share of the Company is 26.12 %, while the joint share of the KONZUM group is 51.40 % in Appeninn Nyrt.

On March 12, 2017, the Company sold in the framework of an OTC deal 2 020 372 dematerialised registered shares that were issued by Appeninn Nyrt of nominal value 100 HUF/share that is one hundred Hungarian forints/share to the OTP Ingatlanbefektetési Alap.

As a result of the transaction the Konzum group’s ownership in Appeninn Nyrt decreased to 46.46 %.

31. Authorising the publication of the financial statements

The Directorate of the parent company of the Company discussed the financial statements at its meeting held on April 5, 2018 and authorised its publication in this form.

Budapest, April 5, 2018

KONZUM Nyrt Directorate