Ernst & Young Kft.
H-1132 Budapest, Váci út 20.
1399 Budapest 62, Pf. 632, Hungary
Tel.: +36 1 451 8100, Fax: +36 1 451 8199
www.ey.com/hu
Cg. 01-09-267553

Independent Auditors' Report

To the Shareholders of Magyar Villamos Művek Zrt.

1. We have audited the accompanying 2007 consolidated annual financial statements of Magyar Villamos Művek Zrt. and its subsidiaries ("the Group"), which comprises the consolidated balance sheet as at 31 December 2007 - showing a balance sheet total of HUF 722,665 millions and a profit for the year of HUF 36,451 millions -, the related consolidated profit and loss account for the year then ended and the summary of significant accounting policies and other explanatory notes.

2. We issued an unqualified opinion on the Group's consolidated annual financial statements as at 31 December 2006 on 12 March 2007.

Management's Responsibility for the Consolidated Financial Statements

3. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Hungarian Accounting Law and generally accepted accounting principles in Hungary. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these consolidated financial statements based on the audit and to assess whether the consolidated business report is consistent with the consolidated financial statements.

5. We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our work regarding the consolidated business report is restricted to assessing whether the consolidated business report is consistent with the consolidated financial statements and does not include reviewing other information originated from non-audited financial records.

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

Opinion

8. We have audited the elements of and disclosures in the consolidated annual financial statements, along with underlying records and supporting documentation, of Magyar Villamos Művek Zrt. in accordance with Hungarian National Auditing Standards and have gained sufficient and appropriate evidence that the consolidated annual financial statements have been prepared in accordance with the Hungarian Accounting Law and with generally accepted accounting principles in Hungary. In our opinion the consolidated annual financial statements give a true and fair view of the equity and financial position of Magyar Villamos Művek Zrt. and its subsidiaries as at 31 December 2007 and of the results of its operations for the year then ended. The consolidated business report corresponds to the disclosures in the consolidated financial statements.

Without qualifying our opinion, we draw attention to the matters presented in the following paragraphs:

9. The European Union conducts inquires in connection with the Group's activity and long-term electricity purchases price agreements ("PPA"), the effect and outcome of which is presently unknown.

9.1. The Group earlier entered into several long term power purchase agreements („PPA"-s) The European Union ("EU") initiated a proceeding against the Hungarian State at the end of 2005. The purpose of these proceedings is to ascertain if the Group's long-term electricity PPAs include any subsidies which are not in accordance with EU law. During 2006 there was an on-site examination and data collection at a short notice to asses if MVM Zrt and its subsidiaries have violated the effective provisions of EU's competition law. Possible disapproval by the EU may have a significant adverse effect on the Group's course of business.

9.2. Based on the Government Decree no. 2080/2007. (V. 11.) the newly negotiations of the PPA-s with the power plants as sellers in the PPA-s are in progress. The contracts with Paksi Atomerőmű and Mátrai Erőmű were terminated without any compensation claim. Dunamenti Erőmű and AES Tisza Erőmű started an ICSID procedure against the Hungarian State because of their prejudice of interest by this process. There is no information on the entitlement and the amount of the compensation claims due to the not terminated contracts; however, their amount might be material.

9.3. As the existence and the amount of any penalty, fine or contingent liability is uncertain at the moment and as based on the view of the management the possible future obligations related to PPA-s are primarily chargeable to the Hungarian State, the Group has not made provision for the referred EU inquires or for the contingent termination of the PPA-s.

10. The Group has stated in the consolidated balance sheet as at 31 December 2007 accruals in the amount of HUF 27 billion in relation to the official system operating and system level service tariffs and compensation fees. These accruals come from the tariff calculation method as set out in decree 5/2005 GKM of the Minister for Economy and Transport. Based on the applied MEH regulation concerning the tariffs, as part of the annual cost review, the current period justified differences between plan and actual figures will be compensated in next years' tariffs. The differences to be realised in the forthcoming years are shown as prepayments and accruals, respectively, in the consolidated financial statement and any such amount will be realised only if recognised in the tariffs to be set by MEH.

Budapest, 9 April 2008

Ernst & Young Kft.
Registration No. 001165

Havas István
Registered Auditor
Chamber membership No.: 003395

BALANCE SHEET Assets

31.12.2007

(in HUF M)

No.	Item description	Previous year	Subject year
a	b	c	e
01.	**A. Fixed assets (02+10+18)**	**474,626**	**498,648**
02.	**I. Intangible Assets (03+04+05+06+07+08+09)**	**12,094**	**12,266**
03.	Capitalised value of foundation and reorganisation	548	299
04.	Capitalised value of experimental development	152	231
05.	Rights of pecuniary value	4,708	4,564
06.	Intellectual property	6,665	6,791
07.	Goodwill		
08.	Advances		
09.	Value adjustment of intangible assets	21	381
10.	**II. Tangible Assets (11+12+13+14+15+16+17)**	**431,996**	**459,377**
11.	Lands, buildings and related rights of pecuniary value	100,224	107,177
12.	Technical equipment, machinery and vehicles	130,236	143,670
13.	Other equipment, fixtures, fittings and vehicles	5,115	4,883
14.	Breeding animals		
15.	Assets in course of construction and refurbishment	15,713	27,880
16.	Advances	4,850	538
17.	Value adjustment of tangible assets	175,858	175,229
18.	**III. Financial assets (19+20+21+22+23+24+25+26+27)**	**30,536**	**27,005**
19.	Long-term participating interests in affiliated companies	27,520	24,490
20.	Long-term loans to affiliated companies		
21.	Other long-term participating interests	198	193
22.	Long-term loans to companies linked by other participating interests		
23.	Other long-term loans	2,309	2,174
24.	Long-term debt securities	481	130
25.	Value adjustment of financial assets		
26.	Valuation difference on financial assets		
27.	Positive consolidation difference (28+29)	28	18
28.	from subsidiaries	13	18
29.	from associated companies	15	
30.	**B. Current assets (31+38+47+53)**	**164,665**	**220,698**
31.	**I. Inventories (32+33+34+35+36+37)**	**65,029**	**53,958**
32.	Materials	47,603	47,720
33.	Work in progress	6,342	5,584
34.	Young animals, fatstocks and other animals		
35.	Finished products	22	1
36.	Goods	10,940	586
37.	Advances	122	67
38.	**. II. Receivables (39+40+41+42+43+44+45+46)**	**51,864**	**78,546**
39.	Trade debtors	42,774	55,078
40.	Receivables from affiliated companies	1,795	790
41.	Receivables from companies linked by other participating interests	55	78
42.	Bills receivable		
43.	Other receivables	3,548	17,801
44.	Valuation difference on receivables		
45.	Positive valuation difference on derivative transactions		
46.	Corporate tax claim arising from consolidation	3,692	4,799
47.	**III. Securities (48+49+50+51+52)**	**76**	**249**
48.	Participating interests held in affiliated companies		
49.	Other participating interests	7	7
50.	Own shares and partnership shares		205
51.	Debt securities held for trading	69	37
52.	Valuation difference on securities		
53.	**IV. Liquid assets (54+55)**	**47,696**	**87,945**
54.	Cash, cheques	17	18
55.	Bank deposits	47,679	87,927
56.	**C. Prepaid expenses and accrued income (57+58+59)**	**33,584**	**3,319**
57.	Accrued income	31,641	1,595
58.	Prepaid costs and expenses	1,943	1,724
59.	Expenses deferred by more than one year		
60.	**TOTAL ASSETS (01+30+56)**	**672,875**	**722,665**

BALANCE SHEET Equity and Liabilities

31.12.2007

(in HUF M)

No.	Item description	Previous year	Subject year
a	b	c	e
61.	**D. Shareholders' equity (62+64+65+66+67+68+71+72+73+79)**	**399,588**	**434,904**
62.	**I. Issued capital**	**200,316**	**200,316**
63.	of which: repurchased ownership shares, at nominal value		
64.	**II. Issued capital not paid (-)**		
65.	**III. Capital reserve**	**31,257**	**31,257**
66.	**IV. Profit and loss reserve**	**-6,680**	**94,127**
67.	**V. Fixed reserve**	**439**	**569**
68.	**VI. Valuation reserve (69+70)**	**175,879**	**175,610**
69.	Valuation reserve of value adjustment	175,879	175,610
70.	Valuation reserve of real valuation		
71.	**VII. Balance sheet profit/loss figure**	**1,824**	**35,449**
72.	**VIII. Change in shareholders' equity of subsidiaries**	**-11,862**	**-9,427**
73.	**IX. Changes due to consolidation (74+75+76+77+78)**	**8,239**	**-93,444**
74.	From the balance of debt consolidation	1,361	-170
75.	From the balance of interim profit/(-)loss	-5,204	-104,983
76.	Amortisation of the positive consolidation difference	-33	-49
77.	Change in value of participating interests in associated companies	9,621	7,988
78.	Latent tax	2,494	3,770
79.	**X. Participating interests held by outside owners**	**176**	**447**
80.	**E. Provisions (81+82+83)**	**20,343**	**41,910**
81.	Provisions for expected liabilities	11,862	32,387
82.	Provisions for future costs	8,480	9,522
83.	Other provisions	1	1
84.	**F. Liabilities (85+90+99)**	**215,154**	**191,719**
85.	**I. Subordinated liabilities (86+87+88+89)**	**9,556**	**9,999**
86.	Subordinated liabilities to affiliated companies		
87.	Subordinated liabilities to companies linked by other participating interests		
88.	Subordinated liabilities to other business enterprises		
89.	Negative consolidation difference	9,556	9,999
90.	**II. Long-term liabilities (91+92+93+94+95+96+97+98)**	**36,737**	**71,277**
91.	Long-term loans		
92.	Convertible bonds		
93.	Bonded debts		
94.	Capital investment and development loans	21,490	32,778
95.	Other long-term bank loans	14,400	38,004
96.	Long-term liabilities to affiliated companies		
97.	Long-term liabilities to companies linked by other participating interests		
98.	Other long-term liabilities	847	495
99.	**III. Current Liabilities (100+102+103+104+105+106+107+108+109+110+111)**	**168,861**	**110,443**
100.	Short-term loans		1
101.	of which: convertible bonds		
102.	Short-term bank loans	81,190	4,879
103.	Advances received from customers	523	1,856
104.	Trade creditors	40,145	39,723
105.	Bills payable		
106.	Current liabilities to affiliated companies	9,410	11,842
107.	Current liabilities to companies linked by other participating interests	10	21
108.	Other current liabilities	37,583	52,121
109.	Valuation difference on liabilities		
110.	Negative valuation difference on derivative transactions		
111.	Corporate tax liability arising from consolidation		
112.	**G. Accrued expenses and deferred income (113+114+115)**	**37,790**	**54,132**
113.	Deferred income	9,557	28,588
114.	Accrued costs and expenses	5,778	8,049
115.	Deferred other and extraordinary income	22,455	17,495
116.	**TOTAL EQUITY AND LIABILITIES (61+80+84+112)**	**672,875**	**722,665**

PROFIT AND LOSS ACCOUNT 'A'

31.12.2007

(with the total cost method, in HUF M)

No.	Item description	Previous year	Subject year
a	b	c	e
01.	Net domestic sales	486,812	607,403
02.	Net export sales	15,521	20,397
03.	**I. Net sales (01+02)**	**502,333**	**627,800**
04.	Change in inventories of own production	1,170	-779
05.	Own work capitalised	16,862	23,254
06.	**II. Own performance capitalised (04+05)**	**18,032**	**22,475**
07.	**III. Other income**	**59,711**	**54,806**
08.	of which: reversed loss in value	4	3
09.	**III/A. Balance generated due to debt consolidation (profit increase)**		
10.	Cost of raw materials and consumables	39,342	47,801
11.	Services consumed	32,305	28,204
12.	Other services consumed	3,571	3,368
13.	Cost of goods sold	313,389	364,726
14.	Cost of services sold (intermediated)	9,872	20,650
15.	**IV. Material-type costs (10+11+12+13+14)**	**398,479**	**464,749**
16.	Wages and salaries	33,301	38,288
17.	Employee benefits	9,963	11,142
18.	Contributions on wages and salaries	12,526	14,399
19.	**V. Staff costs (16+17+18)**	**55,790**	**63,829**
20.	**VI. Depreciation charge**	**33,116**	**33,567**
21.	**VII. Other operating expenses**	**104,947**	**114,243**
22.	of which: loss in value	1,631	5,074
23.	**VII/A. Balance generated due to debt consolidation (profit decrease)**		
24.	**A. Trading profit/loss (03+06+07+09-15-19-20-21-23)**	**-12,256**	**28,693**
25.	Dividends received from associated companies	4,796	5,553
26.	Dividends received from companies linked by other participating interests	4	10
27.	Transaction exchange gains on the sale of participating interests		
28.	of which: from affiliated companies		
29.	Interest and transaction exchange gains on financial assets	86	298
30.	of which: from affiliated companies		
31.	Other interest and interest-type income received (due)	1,641	1,901
32.	of which: from affiliated companies	61	64
33.	Other income from financial transactions	2,011	3,316
34.	of which: valuation difference		
35.	**VIII. Income from financial transactions (25+26+27+29+31+33)**	**8,538**	**11,078**
36.	Transaction exchange loss on financial assets		
37.	of which: to affiliated companies		
38.	Interest and interest-type expenses payable	7,950	5,319
39.	of which: to affiliated companies	3	
40.	Loss in value of participating interests, securities and bank deposits		
41.	Other expenses on financial transactions	1,971	2,797
42.	of which: valuation difference		
43.	**IX. Expenses on financial transactions (36+38+-40+41)**	**9,921**	**8,116**
44.	**B. Profit/loss on financial transactions (35-43)**	**-1,383**	**2,962**
45.	**C. PROFIT/(-)LOSS ON ORDINARY ACTIVITIES (24+44)**	**-13,639**	**31,655**
46.	**X. Extraordinary income**	**15,261**	**10,601**
47.	**XI. Extraordinary expenses**	**297**	**382**
48.	**D. Extraordinary profit/loss (46-47)**	**14,964**	**10,219**
49.	**E. PROFIT/(-)LOSS BEFORE TAX (45+48)**	**1,325**	**41,874**
50.	**XII. Tax liability**	**728**	**6,578**
51.	**XII/A. Difference in corporate tax (calculated) due to consolidation (+-)**	**-1,198**	**-1,029**
52.	**F. PROFIT/(-)LOSS AFTER TAX (49-50-51)**	**1,795**	**36,325**
53.	Use of profit and loss reserve for dividends and profit-sharing		
54.	Dividends and profit-sharing approved	3	1,004
55.	Participating interests held by minority owners	-32	-128
56.	**G. BALANCE SHEET PROFIT/(-)LOSS (52+53-54-55)**	**1,824**	**35,449**

Contents

A. Introduction of the Group

A. 1. Main Characteristics and Activities of the Group

A.1.1. Establishment, Objectives and Main Activities of the Group

The Group was established through the transformation of Magyar Villamos Művek Tröszt [Hungarian Power Companies Trust] from MVM Rt., which was the legal successor of the Trust Headquarters, and from the companies limited by shares and limited liability companies established from the member companies of the Trust, pursuant to Section 16 of Act XIII of 1989 on the Transformation of Business Organisations and Economic Associations, in accordance with Government Resolution No. 3165/1991 dated 25 April.

The Group plays a key role within the Hungarian power system: PA Zrt. plays an important role in electricity generation, accounting for about 40% of the total national electricity production, while the production volume of VE Zrt. (Vértes Power Plant) is significantly lower. The Group owns the transmission network through which all high-voltage electricity trade is performed in Hungary, supplies most of the domestic consumption of public utilities through its wholesale activities, and provides the majority of the portfolio of assets necessary for system operation, including secondary back-up power plant capacities. With the reintegration of MAVIR Zrt. into the Group in 2005, the Hungarian power system operation activity and the power system operation licence holder's activity were reassigned to the Group, thereby considerably increasing its importance.

The objective of the Group is to live up to its role played in the power system, and thereby allow the reliable supply of the country's power demand while meeting all requirements.
When the activity categories under the Electricity Act (EA) are applied, almost all electricity industry activities (power generation, system operation, transmission and trade) are represented in the activity structure of the Group.
PA Zrt., VE Zrt., GTER Zrt., Tatabánya Erőmű Kft., MIFŰ Kft. and MVM Észak-Buda Projekt Kft. operate as power generation licence holders. As of 1 August 2006, the public utility wholesale activity was taken over from the parent company by MVM Trade Zrt., a company founded at the end of 2005 and owned 100% by MVM Zrt., while MVM Partner Zrt. continued its operation as a trade licence holder. With MAVIR Zrt. joining the Group in 2005, the system operation licence holder's activity was also transferred to the Group. By establishing service provider type transmission system operation (TSO), the parent company transferred the transmission licence holder's activity to MAVIR Zrt. in 2006, so MVM Zrt. has been acting as a holding centre controlling the Group ever since.
In 2006, the MVM Group was transformed into a strategic holding in order to achieve the objective set in the medium-term business strategy of MVM approved in July 2005.
Since 1 June 2007, the Holding has been operating as a what is called Recognised Corporate Group.

The legal framework for the transformation of the management system is provided for by Act IV of 2006 on Business Associations effective as of 1 July 2006. By introducing the institution of Recognised Corporate Group, this Act allows separate companies maintaining a parent company and subsidiary relationship but, in a business sense, still under joint control to operate under a single business policy concept. This means that the controlling member of the Recognised Corporate Group performs the management of the members of the Group by using a single set of means and instruments in order to achieve the strategic goals of the Group.

In the course of transformation into a Recognised Corporate Group, agreements were made to regulate the cooperation between the parent company and the controlled companies, and the executive bodies of the companies amended the Articles of Association of the companies concerned.
The new management system is not an objective. but a modern instrument to improve the competitiveness and to increase the value of the Group and increase its value. This, however, does not affect the licensed activities of the individual subsidiaries in any manner; its primary aim is to guarantee effective business operation at the group level.

Through the legal institution introduced in Act IV of 2006 on Business Associations, the parent company, MVM Zrt., is already coordinating the business activities of the subsidiaries of the Group in possession of a uniform, effective management tool system. The following subsidiaries belong to the Recognised Corporate Group:

- Paksi Atomerőmű Zrt. (Paks Nuclear Power Plant Private Co. Ltd., hereinafter: PA Zrt.)
- Országos Villamostávvezeték Zrt. (National Power Transmission Line Company Private Co. Ltd., OVIT Zrt.)
- MVM Trade Villamosenergia Kereskedelmi Zrt. (MVM Trade Power Trading Private Co. Ltd., MVM Trade Zrt.)
- MVM Partner Energiakereskedelmi Zrt. (MVM Partner Energy Trading Private Co. Ltd., MVM Partner Zrt.)
- GTER Gázturbinás Erőműveket Üzemeltető és Karbantartó Kft. (MVM GTER Gas Turbine Power Plant Operation and Maintenance Ltd., GTER Kft.)
- Tatabánya Erőmű Kft. (Tatabánya Power Plant Ltd., TBER Kft.)
- Miskolci Fűtőerőmű Kft. (MIFŰ Miskolc District Heating Power Plant Ltd., MIFŰ Kft.)
- MVM Észak-Buda Projekt Kft. (MVM North Buda Project Ltd.)
- ERBE ENERGETIKA Mérnökiroda Kft. (ERBE Power Engineering and Consulting Ltd., ERBE Kft.)
- VILLKESZ Villamosipari Kereskedelmi és Szolgáltató Kft. (VILLKESZ Electrical Engineering, Trading and Service Ltd., VILLKESZ Kft.)
- MVMI Informatika Zrt. (MVMI Information Technology Private Co. Ltd., MVMI Zrt.)
- MVM KONTÓ Pénzügyi és Számviteli Szolgáltató Központ Zrt. (MVM KONTÓ Financial and Accounting Service Centre Private Co. Ltd., MVM KONTÓ Zrt.)
- Vértesi Erőmű Zrt. (Vértes Power Plant Private Co. Ltd, VE Zrt.)

A. 1.2 Establishment of the Scope of Consolidation of the Group, Introduction of Group Members

In the Group, intercompany participation exists between MVM Zrt. and Paksi Atomerőmű Zrt., but to a negligible extent, so the companies included in full consolidation constitute a single-level corporate group.
In the course of establishing the scope of consolidation, MVM Zrt., as parent company, proceeded according to the rules defined in the Accounting Act. When identifying the types of relations, the Company relied on the voting rights, on the one hand, and on the possibility to elect and remove officers, on the other hand, as well as on the existence of an agreement ensuring control.
In the case of the companies involved in full consolidation, the following aspects were considered for the establishment of the scope of fully consolidated companies:

- most of the companies included in the scope of fully consolidated companies are either directly or indirectly functioning parts of the power system per se, representing considerable assets and activities within the system;
- these companies are well-prepared in terms of supplying consolidation-related information, their data processing and technical facilities are known, and on the basis of the cooperation experience to date, they were assumed to be able to comply with the consolidation requirements;
- the information required by the lending banks is also related basically to these companies under the control of MVM Zrt.

On 31 December 2007, regarding ownership rights, the Group consisted of one parent company, 22 subsidiaries, one joint management company, five associated companies and seven companies of other forms of participation, that is, 36 companies in total. As compared to the 16 companies in 2006, in the year 2007, the scope of fully consolidated companies was expanded by five companies (MVM Észak-Buda Projekt Kft., Atomix Kft., Hotel Vértes Kft., Hotel Aranyhíd Kft. and Bánhida Erőmű Kft.), and thus included 20 subsidiaries apart from the parent company.

In 2006, when the scope of fully consolidated companies was significantly extended, the above-mentioned five companies were not prepared yet to supply information, therefore, with regard to Section 119, subsection (1), paragraph a) of the Accounting Act, they could only be fully consolidated in 2007. The expansion of the scope of fully consolidated companies became necessary because of the reorganisation into a holding group, which was almost complete in 2006, and the consequently increased need for a wide range of management information.

The subsidiaries involved in full consolidation:

- Paksi Atomerőmű Zrt. (Paks Nuclear Power Plant Private Co. Ltd.): generates power from nuclear fuel;
- OVIT Zrt.: builds network facilities;
- Vértesi Erőmű Zrt. (Vértes Power Plant Private Co. Ltd.): engaged in power generation, electricity trading and coal mining activities;
- MAVIR Zrt.: operates the transmission network and maintains the balance of the Power System;
- MVM Trade Zrt.: engaged in electricity trading activities;
- MVM Partner Zrt.: engaged in electricity trading activities;
- GTER Zrt.: its main activity is the management and operation of the quick-start back-up gas-turbine power plants owned by MVM Zrt.;
- ERBE Zrt.: engaged in the design of power engineering facilities and project management;
- TBER Kft.: responsible for the district heating supply of the town of Tatabánya and combined power generation;
- MIFŰ Kft.: supplies district heating to the city of Miskolc;
- MVM Észak-Buda Projekt Kft. (MVM North Buda Project Ltd.): established and operates a gas turbine cogeneration heating power plant;
- VILLKESZ Kft.: engaged mainly in the operation, guarding and maintenance of facilities;
- Energo-Merkur Kft.: engaged primarily in the trade of electrical accessories, fittings and cables;
- MVMI Zrt.: provides IT services to the members of the Group;
- MVM Kontó Zrt.: provides accounting and financial services to the members of the Group;
- Atomix Kft.: a subsidiary of PA Zrt., provides services at the site of PA Zrt.;
- MVM Adwest GmbH: a company registered in Austria and based in Vienna, the first foreign investment of MVM Zrt., engaged primarily in electricity trade;
- Hotel Vértes Kft.: a subsidiary of VE Zrt., its core activity is providing organised holidays;
- Hotel Aranyhíd Panoráma Kft.: a subsidiary of VE Zrt., its core activity is providing organised holidays;
- Bánhida Erőmű Kft.: (Bánhida Power Plant Ltd.) a subsidiary of VE Zrt., its core activity is power generation, which is now suspended.

Companies involved in the consolidation as associated companies:

Subsidiaries:

- Niker d.o.o.: a subsidiary registered in Croatia, also engaged in providing organised holidays,
- HUPX Magyar Szervezett Villamosenergia-piac Zrt. (HUPX Hungarian Organised Electricity Market Private Co. Ltd.): started as a project company setting up the power exchange, and will operate the same after obtaining the relevant licence.

Joint management company:

- EKS Service Kft.: a company engaged mainly in the corrosion protection of power transmission lines.

Associated companies:

- Dunamenti Erőmű Zrt. (Dunamenti Power Plant Private Co. Ltd.): a company engaged in hydrocarbon-based power generation, in which MVM Zrt. holds a qualifying interest;
- Mátrai Erőmű Zrt. (Mártra Power Plant Private Co. Ltd.): a company engaged basically in power generation and associated coal mining activities, in which MVM Zrt. holds a qualifying interest;
- ER-EF Erőmű Kft. (ER-EF Power Plant Ltd.): a company engaged in the wholesale trade of machinery and means of conveyance;
- Zsigmondy Vilmos Harkányi Gyógyfürdőkórház Kht.: (Zsigmondy Vilmos Harkány Spa and Balneological Hospital Not-for-profit Company): a company engaged in the provision of organised holidays;
- MM Energy Corporate Finance Beratungs GmbH.

Niker D.o.o. was exempted from full consolidation with regard to its size and the difficulties of data supply, while HUPX Zrt. was exempted because it did not start its operation yet.

The consolidation scope of the Group is demonstrated in Appendices A.1. and A.2.

A. 2. Accounting Policy of the Group

The company group-level accounting policies lay down the main rules which ensure the uniformity required for the evaluation of the Group. Accordingly, all subsidiaries incorporated the regulations specified by the parent company in their respective accounting policies in 2006. The individual companies have the right and responsibility to make decisions on their own in certain issues and within the prescribed limits, but their choices may not violate the principle of uniform evaluation, which is a requirement during consolidation.

The individual accounting policies developed on the basis of the uniform accounting policy rely on the principles of the Accounting Act and serve their enforcement in practice.

A. 2.1 Method of Bookkeeping

Pursuant to the provisions of the Accounting Act, the companies of the Group are obliged to use double-entry bookkeeping and have the competence to determine their certification and documentation procedures.

Each member company ensures agreement between the General Ledger entries and the analytical accounts. To enable the operation of the accounting information system at the companies of the Group, the parent company has uniformly prescribed the monthly obligation to close the books.

Beside accounting by cost types as prescribed by the Accounting Act (Account Group 5), the companies also employ accounting by cost centres and cost bearers (Account Groups 6 and 7) and the breakdown provided by the SAP system in the CO module, which is similar to the above.

A. 2.2. Order of Reporting

The reports drafted by the companies belonging to the Group must give a fair view of the pecuniary, financial and earnings situation of the

companies and any changes in it, which correspond to the actual circumstances. The annual reports are prepared in the structure prescribed in the Accounting Act and uniformly specified by the parent company Details additional to the company group-level standards may be provided at the discretion of the companies.
Auditing is mandatory at every fully consolidated subsidiary, and the consolidated report is also audited by an auditor every year.

The Consolidated Annual Report must give a true and fair view of the of the joint pecuniary, financial and earnings situation of the consolidated enterprises.
Since 1 January 1994, MVM Zrt. has been preparing consolidated annual reports in accordance with the provisions of the Accounting Act, in a manner agreed with the majority owner, ÁPV Zrt.

The Consolidated Annual Report consists of:

- a Consolidated Balance Sheet: according to Version 'A' provided in Schedule 6 to the Accounting Act;
- a Consolidated Profit and Loss Account: for structuring the Consolidated Profit and Loss Account within the Group. MVM Zrt., as the parent company, has chosen format 'A' provided in Schedule 2 to the Accounting Act, which is supplemented with the items arising from consolidation;
- Consolidated Notes to the Financial Statements.

In addition, MVM Zrt. also prepares a Consolidated Business Report, also on the basis of the relevant provisions of the Accounting Act.

A. 2.3 Reporting Intervals and Deadlines

On account of its obligation to prepare a consolidated report, setting a deadline for the completion of the individual balance sheets falls within the competence of MVM Zrt.

Annual Reports
Accounting date: 31 December 2007
Completion date: 20 January 2008
Deadline for submission to the Court of Registration: 29 May 2008

Consolidated Report
Accounting date: 31 December 2007
Completion date: 29 February 2008
Deadline for submission to the Court of Registration: 30 June 2007
Every year, the reports are to be prepared according to a schedule of dates in accordance with the Closure Timetable issued by MVM Zrt. When the Closure Timetable is compiled, the considerations of ÁPV Zrt., which has the right of direct control, and certain international partners, such as the World Bank, and the audit criteria are also enforced.

A. 2.4. Valuation Methods of MVM Zrt. and Its Group

The uniform accounting policies guarantee the uniform valuation of the groups of assets and equity and liabilities within the Group in the manner required for consolidation, therefore, no revaluation was needed during consolidation.

A. 2.4.1. Amortisation Policy of MVM Zrt. and Its Group

The companies decide at their own discretion on the depreciation methods within the framework permitted by the Accounting Act and the uniform accounting policy.
At MVM Zrt. and its companies, the depreciation rates are determined in every case in the manner prescribed by the Accounting Act, on the basis of real service lives and expected performances.
Depreciation is uniformly and mandatorily based on gross value less residual value.
Amortisation is accounted for uniformly on a monthly basis, relative to the gross opening value in the subject month.

At MVM Zrt. and its companies, tangible assets below the value of HUF 50,000 are written off as depreciation in a lump sum at the date when they are put into operation.

The companies must decide, at their own discretion, about unscheduled depreciation and its reversal in the course of the individual valuation of their assets, subject to the principles outlined in the Accounting Act.

During the consolidation of interim profits and losses, always the depreciation rates applied in the individual reports are taken into consideration. The reversal, through accounting for amortisation, of the covers excluded starts only in the year following capitalisation. In 2006, an exception to this was the consolidated settlement of the transfer of assets with relation to the establishment of the TSO on 1 January, during which the adjustment of the asset values accounted for in the individual balance sheets already started in the subject year with the consolidation-related reduction of the depreciation values due to the high asset values and depreciation over the whole year.

A. 2.4.2. Accounting for Loss in Value

The companies account for or reverse loss in value in the manner defined in the Accounting Act, even in the case of purchased inventories, inventories of own production, receivables, securities and investments. Determining whether loss in value has happened and its rating are at the company's own discretion.

A. 2.4.3 Inventory Valuation Procedures

In the case of purchased inventories, the manner in which records of the inventories are kept is usually determined by the companies at their own discretion from among the record-keeping methods permitted in the Accounting Act. Irrespective of the record-keeping methods, purchased inventories must be valued in the Balance Sheet at cost price defined in the Accounting Act.

Inventories of own production must be valuated at direct prime cost according to the Accounting Act and the Group Guidelines applicable to the Group, but in a manner specified in the Prime Cost Calculation Rules drawn up at the company's own discretion.

In the case of materials, MVM Zrt. and its companies keep continuous records of quantities and values.

A. 2.4.4. Stocktaking

There are no corporate group-level regulations in force concerning stocktaking, however, each company is obliged to regulate this area at its own discretion, in accordance with the relevant provisions of the Accounting Act, and by taking the company's specific features into account.

A. 2.4.5. Method of Accumulation of Provisions

The Accounting Act allows the accumulation of provisions under specific legal titles, though it is at the company's own discretion whether or not it is going to take advantage of them (except in cases when the Accounting Act prescribes the mandatory accumulation of provisions).

With regard to the cases of accumulation of provisions at the discretion of the individual companies, provisions are accumulated in the MVM Group on the basis of individual assessment.

A. 2.4.6. Rating of Ordinary Course of Business and Extraordinary Events

The Accounting Act specifies most income and expenditure types which may only be accounted for among other income and expenses or among extraordinary income and expenses. The Group proceeds in compliance with the provisions of the Act.

A. 2.5. Supplementation and Interpretation of Accounting Standards for the Purpose of Consolidation

The basis for the Group's accounting policy is defined by Act C of 2000 on Accounting (Accounting Act).

In the course of consolidation, the Group interpreted the principle of substantiality prescribed by the Accounting Act as follows:

- Exemption from full consolidation was provided to the subsidiaries and/or sub-subsidiaries (subsidiaries of subsidiaries) which were unable to meet their data provision obligation at a satisfactory level;
- The positive consolidation difference generated by capital consolidation is depreciated at the 20% rate prescribed by the Accounting Act. while any difference not exceeding the value of HUF 10 M and recorded during the subject year is written off in a single sum;
- Profits/losses in the subject year earned/incurred by the minority owners are only separated if the interest held by outside owners exceeds 1%;
- In respect of receivables/liabilities and revenues/expenses between companies, differences not exceeding the value of HUF 10 M do not need to be taken into consideration for consolidation on the basis of the principle of substantiality;
- In the course of consolidating interim profits or losses, excluded profits/losses below HUF 5 M are written off in a single sum in the subject year with consideration to the limit set in line with the principle of substantiality.

A. 3. Description of Methods Employed for Drafting the Consolidated Balance Sheet and Profit and Loss Account

A. 3.1. Preparatory Tasks of Consolidation

In the case of subsidiaries seated in Hungary, no separate preparatory tasks are required because of the valuation methods defined in the uniform accounting policy and the uniformity in preparing the reports.

Preparations apply to the euro-based Balance Sheet and Profit and Loss Account of MVM-Adwest, a company incorporated in Vienna, prepared pursuant to the Austrian Accounting Standards:

- The figures in the Report prepared in foreign exchange must be converted into Hungarian forints;
- The uniformity of valuation must be guaranteed.

Since the accounting standards of the two countries are essentially the same and MVM-Adwest is not considered a large company by Group standards, the differences in valuation, if any, cannot be deemed significant. Therefore, only the fundamental differences under the Accounting Act must be dealt with in the case of MVM-Adwest:

- Separation of receivables from/liabilities to affiliated companies,
- Separation of interest received from / paid to affiliated companies,
- Using the terms 'current/short-term' and 'long-term' in the same manner,
- Handling of prepayments and accruals,
- Definition of provisions,
- Definition of cost types.

The individual Balance Sheet and Profit and Loss Account of MVM-Adwest were prepared with consideration to the foregoing, with the contents and format required for consolidation.

From among the methods permitted in Section 123 of the Accounting Act, the parent company chose the following:
The values of the balance-sheet items are converted at the exchange rate valid at the date of full consolidation for the first time, which is the same as the accounting date of the Balance Sheet in the case of MVM-Adwest,. In case of the Profit and Loss Account, all items are taken into account at the monthly average exchange rate at the time when they are actually incurred. The difference arising from the different exchange rates applied to the balance sheet profit/loss figure in the Profit and Loss Account and the balance sheet profit/loss figure in the shareholders' equity must be accounted for among other income or other expenses.

A. 3.2. Methods Used in Capital Consolidation

During capital consolidation, capital accumulations arising in respect of consolidation are excluded. The Group executes initial consolidation associated with foundation on the basis of the value relations effective on the date of acquisition, while it executes initial consolidation relating to the acquisition of participating interests on the basis of the value relations effective on the accounting date, by using the book value method.

The positive or negative consolidation difference arising when companies are involved in consolidation for the first time or upon the acquisition of additional interests are included in the Balance Sheet in the case of the fully consolidated companies. In the case of associated companies, only the positive consolidation difference is included in the Balance Sheet pursuant to the provisions of the Accounting Act, whereas negative differences are only shown in the Notes to the Financial Statements.

Full consolidation:
In the Consolidated Report, the participating interest due to the parent company is replaced by the assets of the subsidiary, and the equity and liabilities include the equity and liabilities of the subsidiary less the calculated interest held.
The portion of the balance sheet profit/loss figure for the subject year which is due to the Group appears as part of the Group's balance sheet profit/loss figure. This will appear in the next year's consolidation as changes in the respective shareholders' equities of the subsidiaries, while the remaining part will be transferred to line "minority shareholders' interests".

Equity method:
Companies treated as associates during consolidation are included in the Consolidated Annual Report through the valuation of the interests held by the parent company. The real purpose of the valuation of the interests is to demonstrate the value of the investment of the parent company considering the value of the proportionate shareholders' equity of the subsidiary.
The net profit/loss of the companies valuated using the equity method appears in the consolidated balance sheet profit/loss figure under the item 'income from financial transactions' or 'expenses on financial transactions'.

A. 3.3. Methods Used in Debt Consolidation

Receivables and liabilities between the fully consolidated companies of the Group are excluded, so they do not appear as turnover in the Profit and Loss Account.

A. 3.4. Methods Used to Exclude Interim Profits and Losses

The essence of the method used to filter out interim profits or losses is to exclude interim profits or losses arising at a given point upon any output within the consolidated group, when an asset is created from the activity performed by a company within the consolidated group for another company also included in such group. Then, in the subsequent years, the excluded profit or loss must be released in accordance with the amortisation policy applied at the individual member companies, by taking into account the movement of the created assets, once the assets leave the fully consolidated group or are accounted for within the group as a material-type cost, other expense or extraordinary expense.

A. 3.5. Methods Used to Exclude Revenues and Expenditures

Revenues received from within the consolidated group and the associated and equal costs and expenditures are set off against each other so that revenues and expenditures do not be accumulated at the company group level.

A. 3.6. Methods Used to Calculate Latent Taxes

Latent tax is the difference between the corporate tax liability calculated on the basis of the Consolidated Profit and Loss Account and the actual corporate tax liability (included in the respective annual reports of the companies involved in consolidation). Depending on its sign (+/–), it can be either a tax claim or a tax debt carried forward.

Pursuant to the Accounting Act, latent taxes may not be generated in the individual reports of the companies.

During consolidation, latent tax is generated when interim profits or losses are excluded. When the excluded interim profits or losses are released, latent taxes are released likewise.

Each year, latent taxes are calculated by applying the prevailing rate of profit tax, which will serve as the basis for the future reimbursement of the differences in corporate taxes arising from consolidation. Because the surtax will, as far as it is known today, remain in force in the future, too, latent taxes are calculated at the rate of the corporate tax plus the surtax (16+4% in 2007).

B. Notes to the Consolidated Balance Sheet

Compared with 2006, the items under 'Assets' and 'Equity and liabilities', aggregated by main balance sheet categories, developed as follows:

Item	2006 HUF M	2007 HUF M	Distribution 2006	Distribution 2007
Fixed assets	474,626	498,648	70.54	69.00
Current assets	164,665	220,698	24.47	30.54
Prepaid expenses and accrued income	33,584	3,319	4.99	0.46
ASSETS	**672,875**	**722,665**	**100.00**	**100.00**
Shareholders' equity	399,588	434,904	59.39	60.18
Provisions	20,343	41,910	3.02	5.80
Liabilities	215,154	191,719	31.98	26.53
Accrued expenses and deferred income	37,790	54,132	5.62	7.49
EQUITY AND LIABILITIES	**672,875**	**722,665**	**100.00**	**100.00**

B. 1. Fixed Assets

Relative to the base year, the balance sheet items under Fixed Assets developed as follows:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Intangible assets	12,094	12,266	172	1.42
Tangible assets	431,996	459,377	27,381	6.34
Financial assets	30,536	27,005	-3,531	-11.56
FIXED ASSETS	**474,626**	**498,648**	**24,022**	**5.06**

In the restructuring required for the establishment of the Recognised Corporate Group, there were a number of transactions accompanied by the movement of assets (contribution in kind, sale) performed, the effect of which on profits/losses and assets were screened out in the course of consolidation.

Major changes accompanying the establishment of the MVM Group:

- The IT assets of the companies using the services of MVMI Zrt., which provides IT services within the Group, were sold to MVMI Zrt.;
- MVM Zrt. transferred its power plant assets to MIFŰ Kft. as contribution in kind;

- The real estate owned by MVM Zrt. in Budaörs, where VILLKESZ Kft. keeps its records and performs its printing activity, was transferred from the ownership of MVM to VILLKESZ Kft. as contribution in kind;

Five companies, which had previously been recognised among invested financial assets as associated companies, were included in full consolidation in the subject year:

- MVM Észak-Buda Projekt Kft.
- Atomix Kft.
- Bánhida Erőmű Kft.
- Hotel Vértes Kft.
- Hotel Aranyhíd Panoráma Kft.

B. 1.1. Intangible Assets

The individual balance sheet items changed relative to the base year as follows:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Capitalised value of foundation and reorganisation	548	299	-249	-45.44
Capitalised value of research and development	152	231	79	51.97
Rights of pecuniary value	4,708	4,564	-144	-3.06
Intellectual property	6,665	6,791	126	1.89
Value adjustment of intangible assets	21	381	360	1714.29
TOTAL INTANGIBLE ASSETS	**12,094**	**12,266**	**172**	**1.42**

The net value of the Group's intangible assets increased by 1.42%, from the previous year's HUF 12,094 M to HUF 12,266 M.

In 2007, the capitalised value of foundation and restructuring expenses dropped by 45.44% to HUF 299 M, reflecting primarily the increase in depreciation accounted for in the individual balance sheets of MVM Zrt. and MAVIR Zrt.

The nearly 52% increase in the capitalised value of research and development, caused by the increase appearing at PA Zrt., can also be deemed significant.

In the subject year, value adjustments developed as follow:

- Rights of pecuniary value (remained unchanged in the subject year)
  HUF 2 M
- Opening value of intellectual property
  HUF 19 M
  - Change at MAVIR Zrt. + HUF 36 M
  - Consolidation-related entry + HUF 324 M
- Closing value of intellectual property
  HUF 379 M

In 2006 (during the establishment of the TSO), the value adjustment entered subsequently during consolidation serves the purpose of offsetting the loss of assets at group level due to the exclusion of the increment in the value of assets arising from the value of the assets transferred during transfer. The aggregate value of these—appreciated—assets are stated at the values shown in the records of the individual companies even after the completion of the consolidation-related adjustments, but the ratio of their net value to the associated value adjustment is different from the ratios shown at the individual companies. Thus, the Group keeps the asset value estimated with the method employed during asset valuation.

Changes in the portfolio of intangible assets are shown in Appendix B.1, giving details of the gross value and depreciation for each balance sheet line.

B. 1.2. Tangible Assets

Relative to the base year the balance sheet items developed as follows:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Lands, buildings and related rights of pecuniary value	100,224	107,177	6,953	6.94
Value adjustment of lands, buildings and related rights of pecuniary Value	136,440	137,764	1,324	0.97
Technical equipment, machinery and vehicles	130,236	143,670	13,434	10.32
Value adjustment of technical equipment, machinery and vehicles	39,371	37,422	-1,949	-4.95
Other equipment, fixtures, fittings and vehicles	5,115	4,883	-232	-4.54
Value adjustment of other equipment, fixtures, fittings and vehicles	47	43	-4	-8.51
Assets in course of construction and refurbishment	15,713	27,880	12,167	77.43
Advances	4,850	538	-4,312	-88.91
TOTAL TANGIBLE ASSETS	**431,996**	**459,377**	**27,381**	**6.34**

The net value of the Group's tangible assets increased by 6.34%, from the previous year's HUF 431,996 M to HUF 459,377 M.

Most of it is still made up of the real estate and technological equipment of PA Zrt. and the assets used for the transmission activities of MAVIR Zrt., and the value adjustments accounted for with relation to them.

Value of new assets in course of construction in the subject year (purchases, establishment)	**HUF +54,637 M**
Involvement of new companies	**HUF +10,190 M**
Amount of planned depreciation accounted for tangible assets	**HUF -29,668 M**
Change in advances on assets in course of construction	**HUF -4,312 M**
Scrapping	**HUF -1,024 M**
Net value of tangible assets sold	**HUF -787 M**
Change in value adjustment	**HUF -628 M**
Other changes HUF	**-1,027 M**

Value adjustment was included in the books of MVM Zrt. for the first time in 2003 with respect to the assets of the transmission network and telecommunications. In 2006, the transmission network was transferred to the ownership of MAVIR Zrt. At the end of the year, an independent valuation company (Deloitte Kft.) adjusted the value of the assets to the market value as at the balance sheet date, and the difference stated in the Balance Sheet of MAVIR Zrt. in 2007 was HUF 78,014 M. The recovery of such difference between the book value and the market value in the future cash flows will only be guaranteed if the Hungarian Energy Office (HEO) acknowledges this market value and the depreciation calculated on the basis of the market value when setting the transmission tariffs.

As described under intangible assets, the internal profit generated in the books of MVM Zrt. and appearing in the acquisition value of the assets acquired from within the consolidated companies in connection with the transfer of assets is also excluded from the value of tangible assets during consolidation, thus a subsequent value adjustment item needs to be entered. The cumulative amount of value adjustments due to the exclusion of internal profits generated until the end of the subject year was HUF 94,621 M.

Telecommunications equipment remains the property of the parent company. The amount of the associated value adjustment rose by HUF 315 M in 2007.

So the amount of the value adjustment of tangible assets appearing in the Consolidated Balance Sheet was HUF 175,229 M.

Changes in the portfolio of tangible assets are shown in Appendix B.2., giving details of gross value and depreciation for each balance sheet line.

B. 1.3 Financial Assets

The trends in financial assets is each balance sheet line are shown in the table below:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Long-term participating interests in affiliated companies	27,520	24,490	-3,030	-11.01
Other long-term participating interests	198	193	-5	-2.53
Other long-term loans	2,309	2,174	-135	-5.85
Long-term debt securities	481	130	-351	-72.97
Positive consolidation difference	28	18	-10	-35.71
TOTAL FINANCIAL ASSETS	**30,536**	**27,005**	**-3,531**	**-11.56**

The decrease in the value of interests held in affiliated companies is made up mainly of the values of the companies involved in full consolidation in the subject year.
A significant part of the decrease in long-term debt securities is attributable to bonds to the value of HUF 330 M sold in the case of TBER Kft.

The interests held by the Group are shown in detail in Appendix B.3.
Details of the positive consolidation difference are given in Appendix B.4.
The loss in value accounted for in 2007 is shown in Appendix B.5.

B. 2. Current Aassets

Relative to the base year, the balance sheet lines under 'Current assets' developed as follows:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Inventories	65,029	53,958	-11,071	-17.02
Receivables	51,864	78,546	26,682	51.45
Securities	76	249	173	227.63
Liquid Assets	47,696	87,945	40,249	84.39
CURRENT ASSETS	**164,665**	**220,698**	**56,033**	**34.03**

B. 2.1 Inventories

Relative to the base year, the balance sheet lines under 'Inventories' developed as follows:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Materials	47,603	47,720	117	0.25
Work in progress	6,342	5,584	-758	-11.95
Finished products	22	1	-21	-95.45
Goods	10,940	586	-10,354	-94.64
Advances on inventories	122	67	-55	-45.08
TOTAL INVENTORIES	**65,029**	**53,958**	**-11,071**	**-17.02**

The nuclear fuel stocks is the most important item among materials, which increased by HUF 312 M as a result of the following inventory movements in the subject year:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
OPENING STOCK (+)	**40,769**	**41,159**	**390**	**0.96**
Purchases (+)	10,762	13,682	2,920	27.13
Consumption (-)	9,844	10,436	592	6.01
Loss in value (Scrapped) (-)	528	2,934	2,406	455.68
CLOSING STOCK (+)	**41,159**	**41,471**	**312**	**0.76**

Purchases increased by HUF 2,920 M relative to the base year. The HUF 3,212 M increase came from an increment due to changes in quantity, composition (type) and price (since 2007, the purchase price of cartridges has been set in euros), which was reduced by HUF 292 M as a result of exchange rate movements.

Consumption (cost) in the subject year increased by HUF 592 M relative to 2006, of which HUF 839 M is derived from production, HUF -514 M results from changes in the value and composition of nuclear fuel rods, and HUF 267 M is coming from the change of the accounting method.

In the subject year, the value of inventories decreased because of the scrapping of cartridges contaminated with deposits worth HUF 2,620 M, and the loss of HUF 314 M in value of cartridges with limited use during their normal useful lives.

In 2007, the value of nuclear fuel stocks developed as follows, while the method of their utilization was changed:

Description	Spent fuel ratio method	Production ratio method	Difference HUF M	Change %
OPENING STOCK (+)	**40,130**	**41,159**	**1,029**	**2.56**
Purchases (+)	13,682	13,682	0	0.00
Costs Jan. to Dec. (-)	10,169	10,436	267	2.63
Loss in value (-)	2,934	2,934	0	0.00
CLOSING STOCK	**40,709**	**41,471**	**762**	**1.87**

The change of the accounting method caused costs to increase and the stocks held at the nuclear plant units to decrease by HUF 267 M temporarily in 2007. The difference between the two methods exists only temporarily as it will even out during the useful life (operating time), i.e., in three or four years depending on the type of the nuclear fuel cartridge, and then will disappear in 2008 (in the case of Units 1, 3 and 4) and in 2009 (in the case of Unit 2).

B. 2.2 Receivables

Relative to the base year, the balance sheet lines under 'Receivables' developed as follows:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Trade Debtors	42,774	55,078	12,304	28.77
Receivables from affiliated companies	1,795	790	-1,005	-55.99
Receivables from companies linked by other participating interests	55	78	23	41.82
Other receivables	3,548	17,801	14,253	401.72
Corporate tax claim arising from consolidation	3,692	4,799	1,107	29.98
TOTAL	**51,864**	**78,546**	**26,682**	**51.45**

'Receivables from affiliated companies' developed as follows:

Niker d.o.o.	**HUF 32 M**
HUPX Zrt.	**HUF 1 M**
EKS-Service Kft.	**HUF 551 M**
Dunamenti Erőmű Zrt.	**HUF 151 M**
Mátrai Erőmű Zrt.	**HUF 55 M**

The details of 'Other receivables' developed as follows:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Receivables from the central budget	2,410	4,767	2,357	97.80
Corporate tax	283	2,500	2,217	783.39
VAT	939	982	43	4.58
Surtax	85	729	644	757.65
Local Tax	639	346	-293	-45.85
Customs duties	327	53	-274	-83.79
Other	137	157	20	14.60
Receivables from employees	175	136	-39	-22.29
Advances	190	676	486	255.79
Short-term loans	360	9,727	9,367	2601.94
Receivables associated with participating interests		1,820	1,820	0.00
Miscellaneous receivables	413	675	262	63.44
TOTAL	**3,548**	**17,801**	**14,253**	**401.72**

The portfolio of other receivables increased because of a short-term loan granted to System Consulting Zrt. (HUF 9,477 M) and receivables associated with interests and securities (HUF 1,820 M).

The loss in value accounted for in the year 2007 is shown in Appendix B.5.

Principal and other receivables from companies in which interests are held are detailed in Appendix B.7.

B. 2.3 Securities

Within the portfolio of current assets, the value of securities was HUF 249 M at the end of the subject period, which is made up of the following items:

Other participating interests held for trading	HUF 7 M
Own shares	HUF 205 M
Debt securities held for trading	HUF 37 M

The HUF 173 M growth increase relative to the base year was caused by the MVM shares bought by Paksi Atomerőmű Zrt., moderated by the HUF 32 M decrease caused by the 2008 (last) instalment of the interest-bearing EBRD bonds.

B. 2.4 Liquid Assets

Relative to the base year, 'Liquid assets' changed as follows:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Cash, cheques	17	18	1	5.88
Bank deposits	47,679	87,927	40,248	84.41
TOTAL	47,696	87,945	40,249	84.39

B. 3. Prepaid Expenses and Accrued Income

Relative to the base year, balance sheet items under 'Prepaid expenses and accrued income' developed as follows:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Accrued Income	31,641	1,595	-30,046	-94.96
Price support for power generated for obligatory off-take ("KÁP")	4,672	3	-4,669	-99.94
Transition fee revenue	17,626		-17,626	-100.00
Price difference compensation ("ÁKD")	7,120		-7,120	-100.00
Compensation for coal mining	925		-925	-100.00
Interest	603	392	-211	-34.99
Sales revenues	663	1,172	509	76.77
Other	32	28	-4	-12.50
Prepaid costs and expenses	1,943	1,724	-219	-11.27
Rent	1,291	1,159	-132	-10.22
Other costs	652	565	-87	-13.34
TOTAL	33,584	3,319	-30,265	-90.12

The HEO sets the system operation and system-level service charges for the subject year during the preparatory works performed in relation to pricing in the previous year, on the basis of the forecasts for the subject year. Revenues/expenditures that turn out to be different from the forecast figures and are rated reasonable during the review of the actual figures of the subject year will be adjusted in the charges of the following years. This adjustment mechanism is specified in detail in Decree No. 5/2005 (I. 21.) GKM of the Minister of Economic Affairs and Transport.

As a result of this procedure and in compliance with the accounting principle of comparison, MAVIR Zrt. accounts for the revenues serving as cover for reasonable differences between the forecast and actual figures of the previous and the subject years, respectively, to be taken into account in the charges of the following years as accrued income. When accruals and deferrals are accounted for, the adjustments relating to system operation, system-level services and the price support for power generated for obligatory off-take **("KÁP")** are accrued or deferred in accordance with the system operation charges. Items that will appear in the following years as tariff increase are shown as accrued income, while tariff-reducing items are shown as deferred income. In accordance with the present pricing system, the differences between the expected and actual figures for 2005 and between the forecast and expected figures for 2006 were acknowledged in the 2007 tariff. The difference between the forecast and expected figures for the year 2007 will be acknowledged in the 2008 tariff.

The items of accruals and deferrals for tariff adjustments affecting net sales revenues were accounted for as deferred income and are detailed in Section B.7.

The deferred price difference compensation ("ÁKD") appearing at MVM Trade Zrt. was accounted for in 2007 as follows:

As a consequence of the decision made by the Management of MVM Zrt., the activity of electricity wholesale to public utilities was outsourced as of 1 August 2006 to MVM Trade Zrt., a company founded specifically for this purpose. The value of the price difference compensation ("ÁKD") receivables, HUF 7,119,579,000, was transferred as contribution in kind, the amount of which was confirmed by the Ministry of Economic Affairs and Transport in their letter No. V-2112091/5/2006 dated 18 October 2006 and was accepted by the Court of Registration.

The opening value of the price difference compensation receivables of January 2007 was HUF 7,347,427,000 including interest. According to Decision No. 196/2007 of the Hungarian Energy Office, "the public utility wholesale price effective from 1 February 2007 will gradually cover" the amount of the price difference compensation fee (ÁKD) increased by interest on it. Based on the Decision, the amount of the PDC of HUF 7,347,427,000 under 'Accrued income and deferred expenses' was released and charged to profits in 2007.

Capacity auctions, transition fees received:

On 9 November 2006, the public utility wholesale trader held their Ninth Capacity Auction in Hungary.

MVM Trade Zrt. sold the products in compliance with the Electricity Act in force, in a manner transparent to all electricity traders and eligible consumers, in accordance with the Auction Rules approved by the Hungarian Energy Office in their decision, under the supervision of the representative of the HEO and a notary public. With its 19 attendants, this Ninth Capacity Auction set the record for all auctions held in Hungary.

MVM Trade Zrt. offered two what are called base-load products for sale: A six-month base-load product of 100 MW for the bidding period between 1 January and 30 June 2007, and an annual base-load product of 250 MW for the bidding period between 1 January and 31 December 2007.

Because of the active interest in the six-month product, the public utility wholesale trader took the opportunity granted in the Auction Rules and increased the originally offered volume by 10%, so 110 MW of the six-month product was sold at an average price of HUF 15.325/kWh.

As bidders showed less interest, 226 MW capacity was sold in relation to the annual product at an average price of HUF 15.102/kWh.

The corrected sum of the transition fee revenue received in association with the 2,457.5 GWh electricity sold at the auction was HUF 6,032,115,000, of which MAVIR Zrt. has already transferred HUF 4,600,000,000 to MVM Trade Zrt. as an advance payment. The outstanding amount of HUF 1,432,115,000 is expected to be paid in the first quarter of 2008.

B. 4. Trends in Shareholders' Equity

Relative to the base year, the balance sheet lines determining the value of 'Shareholders' equity' developed as follows:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Issued capital	200,316	200,316	0	0.00
Issued capital not paid (-)			0	0.00
Capital reserve	31,257	31,257	0	0.00
Profit and loss reserve	-6,680	94,127	100,807	-1509.09
Fixed reserve	439	569	130	29.61
Valuation reserve	175,879	175,610	-269	-0.15
Balance sheet profit/(-) loss	1,824	35,449	33,625	1843.48
Change in shareholders' equity of subsidiaries	-11,862	-9,427	2,435	-20.53
Changes due to consolidation	8,239	-93,444	-101,683	-1234.17
Participating interests held by outside owners	176	447	271	153.98
TOTAL SHAREHOLDERS' EQUITY	**399,588**	**434,904**	**35,316**	**8.84**

Trends in shareholders' equity are set out in Appendix B.6.
The shareholders' equity of the Group increased by 8.84%, i.e., HUF 35,316 M, in absolute amount relative to the base year.

This change results from the profit for the subject year and the market valuation of the assets.
During consolidation, a fixed reserve was accumulated for the shares in MVM Zrt. bought by Paksi Atomerőmű Zrt.

The closing value of the valuation reserve as at 31 December 2007 was HUF 175,610 M, made up of the items below:

Value adjustment of lands, buildings and related rights of pecuniary value	HUF 137,764 M
Value adjustment of technical equipment and machinery	HUF 37,422 M
Value adjustment of intellectual property	HUF 379 M
Value adjustment of other fixtures and fittings	HUF 43 M
Value adjustment of rights of pecuniary value	HUF 2 M

B. 5. Provisions

Relative to the base year, trends in the values of balance sheet lines and under 'Provisions' were as follows, in HUF M:

Title	Opening balance	Used up in the subject year	Accumulated in the subject year	Re-valuation	Closing balance
Provisions for expected liabilities					
For future payments under the collective agreement	365	365	7,850		7,850
Disputed invoice of the Dunamenti	6,600		1,542		8,142
Environmental protection	1,230	144	2,383		3,469
For changes in the purchase costs of system-level reserve capacities			3,437		3,437
For long-term support of foundation			3,100		3,100
Pending liability of AES Tisza	1,365		61		1,426
Mine closure	934	9	45		970
For severance payment	346	342	864		868
Early retirement based on time spent in service	80	73	675		682
Settlement dispute with EMS			633		633
Accumulated for costs of land reclamation	376		149		525
Liabilities associated with power plant shutdown			418		418
For tax risks			385		385
Other	566	421	337		482
Total:	11,862	1,354	21,879	0	32,387
Provisions for future costs					
For solving the long-term handling of encapsulated fuel	1,460	3	2,500		3,957
Maintenance works	2,985	103			2,882
Spent fuel cartridges of Paks	2,095			-373	1,722
For the costs of works on Unit II	1,527	1,105	86		508
Expected environmental costs	400	400	400		400
For insurance costs and incidental charges on such costs	13		40		53
Total:	8,480	1,611	3,026	-373	9,522
Other provisions					
Claim for damages of BEDE-COOP	1				1
Total:	1	0	0	0	1
TOTAL PROVISIONS:	**20,343**	**2,965**	**24,905**	**-373**	**41,910**

According to estimates in the actuary's report, the Group was expected to incur accumulated liabilities of HUF 7,850 M as at 31 December 2007, which would fall due for payment in the future under the Collective Agreement, at the retirement and rewarding of employees.

MVM Zrt. and MVM Trade Zrt. accumulated provisions for the disputed invoice of Dunamenti Erőmű Zrt. jointly, pro rata to the periods split between them in 2006. This is permitted and enabled by the surety contract between the two companies. The disputed amount totalled HUF 6,700 M in 2006, of which MVM Trade Zrt. accumulated HUF 1,600 M and MVM Zrt. accumulated HUF 5,000 M.

In the subject year, MVM Trade Zrt. accumulated further provisions of HUF 1,542 M under this title. So the sum provides full coverage for the years 2006 and 2007, including not contracted surplus capacities, the difference between the metering-based and scheduled settlement, and the maintenance of G1 heat reserve.

The provisions accumulated for change in the purchase costs of system-level reserve capacities are related to the pricing of system-level reserves, that is, to the amount accumulated to cover the difference between the contracted purchase prices and the officially fixed prices of reserves purchased by MVM Trade Zrt.

Paksi Atomerőmű Zrt. signed long-term agreements for the future support of two foundations established by it (Duna-Mecsek Területfejlesztési Alapítvány [Foundation for the Development of the Danube-Mecsek Mountains Region] and ESZI Intézmény fenntartó és Működtető Alapítvány [ESZI Foundation for Facility Maintenance and Operation]) and accumulated provisions for its payment obligation.

In the subject period. MVM Zrt. accumulated provisions again in its books for the liability related to potential losses claimed by AES for the environmental cleanup works arising from the privatisation agreement of Tisza Power Plant, amounting to HUF 1,426 M at the end of the period reported.

PA Zrt. accumulated provisions of HUF 3,957 M for solving the problem of the permanent disposal of damaged fuel rods left after the operating failure of Unit 2 at Paks. Provisions of HUF 508 M were accumulated for all the future costs of the restoration project known at present, but the possibility that additional costs unknown at present may also arise in the future is not excluded.

The value of the provisions (of US$ 9,977,983) accumulated for the spent fuel cartridges of PA Zrt. was HUF 1,722 M as at the accounting date, but this changed relative to the base year as a consequence of the foreign exchange valuation as at the accounting date. The provisions for future costs are the amount of the additional charge for the transportation of spent nuclear fuel cartridges to Russia under the trade contract in force.

Paksi Atomerőmű Zrt. planned to transport 4,000 spent cartridges to Russia during the period between 1996 and 2006, for which the Company has a valid contract. With regard to this large volume, the Russian party granted discounts, with the proviso that if the contracted amount is not transported through the fault of Paksi Atomerőmű Zrt., the original price has to be paid subsequently for the cartridges already delivered, too.

Deliveries of the contracted amount have not been completed to date, giving rise to a dispute between the two parties regarding liability. This dispute has not been closed as yet.

Paksi Atomerőmű Zrt. has been negotiating with the Russian party with short interruptions but on an ongoing basis.

- Paksi Atomerőmű Zrt. maintains its opinion that return transportation of spent fuel cartridges was hindered by the then prevailing Russian regulations at the beginning, the delay in forming the final opinion of the Russian Government and in the amendment of the Protocol of April 1994 relating to the Russian-Hungarian Intergovernmental Agreement, and later, among other things, by the entry into force of the Hungarian Nuclear Act, so the contract could not be fulfilled afterwards.
- According to the opinion of the Russian party, there is still nothing to prevent the continuation of cooperation and considers their claim well-

founded according to which Paksi Atomerőmű Zrt. should make a subsequent payment for the actual deliveries of spent fuel cartridges between 1997 and 1998. At the same time, the Russian party indicated that they were willing to settle the matter in dispute by means of negotiation.

Provisions were accumulated on the basis of the agreement made earlier still between MVM Zrt. and Paksi Atomerőmű Zrt. regarding this subject matter, but MVM Zrt. transferred its obligation arising from this agreement to MVM Trade Zrt. when outsourcing the activity subject to a public utility licence. The justification for the transfer of this burden is that payment obligation, if any, can only be recovered through the electricity prices by its nature.

B. 6. Liabilities

Relative to the base year, trends in the balance sheet lines determining the amount of 'Liabilities' are demonstrated in the table below:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Subordinated liabilities	9,556	9,999	443	4.64
Negative consolidation difference	9,556	9,999	443	4.64
Long-term liabilities	36,737	71,277	34,540	94.02
Capital investment and development loans	21,490	32,778	11,288	52.53
Other long-term bank loans	14,400	38,004	23,604	163.92
Other long-term liabilities	847	495	-352	-41.56
Current liabilities	168,861	110,443	-58,418	-34.60
Short-term loans		1	1	0.00
Short-term bank loans	81,190	4,879	-76,311	-93.99
Advances received from customers	523	1,856	1,333	254.88
Trade creditors	40,145	39,723	-422	-1.05
Current liabilities to affiliated companies	9,410	11,842	2,432	25.84
Current liabilities to companies linked by other participating interests	10	21	11	110.00
Other current liabilities	37,583	52,121	14,538	38.68
TOTAL LIABILITIES	**215,154**	**191,719**	**-23,435**	**-10.89**

Much of the increase in other current liabilities comes from the increase in the amount of the transition fees and interest on them collected as part of the system operation revenues and to be passed through pursuant to the provisions of the Electricity Act.

‘Liabilities to affiliated companies’ developed as follows:

Dunamenti Erőmű Zrt.	**HUF 5,686 M**
Mátrai Erőmű Zrt.	**HUF 4,807 M**
Magyar Nemzeti Vagyonkezelő Zrt.	**HUF 1,001 M**
EKS Service Kft.	**HUF 345 M**
Zsigmondy Vilmos Harkányi Gyógyfürdőkórház Kht.	**HUF 3 M**

Trends in the negative consolidation difference are shown in Appendix B.7., while loans are detailed in Appendix B.8.

Trends in other current liabilities are given in the table below:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
To the central budget	9,867	14,436	4,569	46.31
VAT	4,776	7,508	2,732	57.20
Social security liabilities	2,170	1,770	-400	-18.43
Personal income tax	1,338	1,564	226	16.89
Water resource fee	809	1,167	358	44.25
Corporate tax	261	1,044	783	300.00
Customs duties		772	772	0.00
Other	513	611	98	19.10
To employees	1,848	1,944	96	5.19
Liabilities prescribed by the Electricity Act	23,873	34,029	10,156	42.54
Other	1,995	1,712	-283	-14.19
TOTAL	**37,583**	**52,121**	**14,538**	**38.68**

B. 7. Accrued Expenses and Deferred Income

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Deferred income	9,557	28,588	19,031	199.13
Price support for power generated for obligatory off-take ("KÁP")		21,217	21,217	0.00
System operation charge	5,719	2,950	-2,769	-48.42
System-level services	1,827	2,784	957	52.38
Rent	1,313	1,179	-134	-10.21
Sales (electricity)		441	441	0.00
Consolidated transaction exchange gain	690		-690	-100.00
Other revenues	8	17	9	112.50
Accrued costs and expenses	5,778	8,049	2,271	39.30
Price support for power generated for obligatory off-take ("KÁP")	4,414	4,358	-56	-1.27
Operating costs		1,629	1,629	0.00
Imported electricity		802	802	0.00
Gas purchased		748	748	0.00
Other	1,364	512	-852	-62.46
Subordinated revenues	22,455	17,495	-4,960	-22.09
CO_2 quota	9,913	9	-9,904	-99.91
Revenues from capacity auction	8,768	13,769	5,001	57.04
Subsidy received for development	3,504	3,700	196	5.59
Other	270	17	-253	-93.70
TOTAL	**37,790**	**54,132**	**16,342**	**43.24**

Like in the previous years, the deferrals for price support for power generated for obligatory off-take ("KÁP"), system operation charge and system-level services are the consequences of the special pricing procedure applied to the system operation activity. The detailed description of the method employed is given in Section B.3.

C. Notes to the Profit and Loss Account

C. 1. Evaluation of the Group's Profit Before Tax

The development of the Group's economic state in the subject year can be compared with the base period with consideration to the effect of the following major factors:

The significant organisational and operational changes implemented in 2006, namely, the integration of the activities of the Network Directorate into MAVIR Zrt. through the establishment of the TSO and the transfer of the public utility power wholesale trading activity to MVM Trade Villamosenergia Kereskedelmi Zrt., had a significant impact on both the profits and losses before tax of the individual companies (HUF 112,511 M) in the Profit and Loss Account prepared for consolidation and the consolidation-related adjusting items. Out of that sum, HUF 96,993 M was removed, i.e., excluded as interim profit on the contribution in kind and sales associated with the establishment of the TSO, thus reducing the profits and losses before tax achieved by the Group members individually (in the year 2006, the consolidated profit before tax was HUF 1,325 M).

In the subject year, five companies (MVM Észak-Buda Projekt Kft., Atomix Kft., Hotel Vértes Kft., Hotel Aranyhíd Kft. and Bánhida Erőmű Kft.) joined the group of fully consolidated companies, whose individual profits and losses before tax reduced the aggregate profit before tax of the Group, and especially the Power Generation Division within that, by HUF 612 M in the Profit and Loss Account prepared for consolidation, of which the HUF 481 M loss of the Bánhida Power Plant plays a considerable part.

The Group closed the business year 2007 with HUF 41,874 M profit before tax, which developed as follows with respect to the main items of the profit and loss statement:

Description of the item	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Net sales	502,333	627,800	125,467	24.98
Own performance capitalised	18,032	22,475	4,443	24.64
Other income	59,711	54,806	-4,905	-8.21
Material-type costs	398,479	464,749	66,270	16.63
Personnel costs	55,790	63,829	8,039	14.41
Depreciation charge	33,116	33,567	451	1.36
Other expenditures	104,947	114,243	9,296	8.86
Trading profit/(-)loss	-12,256	28,693	40,949	-334.11
Profit/(-)loss on financial transactions	-1,383	2,962	4,345	-314.17
Extraordinary profit/(-)loss	14,964	10,219	-4,745	-31.71
PROFIT/(-)LOSS BEFORE TAX	**1,325**	**41,874**	**40,549**	**3060.30**

The Group's Profit and Loss Account prepared for consolidation showed a profit before tax of HUF 66,948 M, which was reduced by HUF 25,074 M in the course of consolidation. The development of the profit before tax in the subject year was affected by the following major consolidation-related factors:

- Capital consolidation increased the change in the profit before tax mainly through the reversal of the loss in value accounted for the partnership shares in subsidiaries accounted for in the subject year (a HUF 671 M and a HUF 564 M loss in value accounted for the partnership shares in MIFŰ Kft. and Bánhida Erőmű Kft., respectively), by HUF 1,235 M in total. In addition, the impact in the subject year of the valuation of the companies treated as associates (through the valuation of participating interests) in the subject year was a reduction of HUF 524 M.
- The sum of the approved and paid dividends and profit-sharing excluded in debt consolidation was HUF 24,617 M.
- The consolidation of interim profits and losses reduced the profit before tax by HUF 1,152 M, including the following outstanding items:
- Effect of excluding profit and loss on the transfer of administrative IT equipment
  HUF –1,467 M,
- Re-entry of the profit on the contribution in kind involving a gas engine power plant
  HUF –1,240 M,
- Effect in the subject year of the previous year's profit and loss achieved in association with the establishment of the TSO
  HUF +3,971 M,
- Profits and losses achieved on capital projects made within the Group, especially on the activities of OVIT Zrt. in relation with the transmission network, the effect of which was
  HUF –3,083 M.

The HUF 40,549 M growth in the profit before tax achieved at the consolidated level relative to the base period was affected mostly by the significantly improved individual profitability of the companies, manifested primarily in the increase of the trading profit/loss figure: + HUF 16,485 M at MVM Trade Zrt., + HUF 6,609 M at 38 MVM Zrt., and + HUF 5,369 M at Paksi Atomerőmű Zrt.

The Subsections below contain further detailed descriptions of the factors affecting the trends in profits and losses.

C. 1.1 Trends in Trading Profit and Loss

C. 1.1.1 Trends in Net Sales

The HUF 125,467 M increase in net sales relative to the base year is associated mainly with the electricity trading and transmission activities and the HUF 109,610 M increase in the sales revenues from system operation and system-level services, which accounted for 94.67% of the net sales of the Group. Eighty-five per cent of the revenues from the sale of the power generated by the power plants (Generation Division) was realised within the Group. Within net sales, the increase of HUF 4,876 M in export sales is also associated with the above activities, including a considerable growth of HUF 4,404 M in the export sales of MVM Adwest GmbH.

A breakdown of net sales by main activities, aggregated by divisions, is shown in Appendix C.1.

C. 1.1.2 Own Performance Capitalised

The HUF 4,443 M increase in the own performance capitalised relative to the base period came mostly from the HUF 5,162 M increase in the works performed by the Services Division within the Group, primarily from the construction works performed by OVIT Zrt. in relation with the transmission network.

C. 1.1.3 Detailed Costs

Relative to the base year, items accounted for as costs* developed as follows:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Material costs	39,342	47,801	8,459	21.50
Services used	32,305	28,204	-4,101	-12.69
Other services	3,571	3,368	-203	-5.68
Cost of goods sold	313,389	364,726	51,337	16.38
Cost of services sold (intermediated)	9,872	20,650	10,778	109.18
Material-type costs	**398 479**	**464 749**	**66 270**	**16.63**
Wages and salaries	33,301	38,288	4,987	14.98
Employee benefits	9,963	11,142	1,179	11.83
Contributions on wages and salaries	12,526	14,399	1,873	14.95
Staff costs	**55 790**	**63 829**	**8 039**	**14.41**
Depreciation charge	**33 116**	**33 567**	**451**	**1.36**
TOTAL COSTS	**487,385**	**562,145**	**74,760**	**15.34**

*Including the purchase value of goods sold and services intermediated.

On the whole, items accounted for as costs increased by HUF 74,760 M (15.34%) relative to the base period, which was mainly attributable to the growth of the costs of goods sold, 98.81% of which was the purchase cost of electricity.

In addition to the foregoing, the increase in the material costs and the cost of services sold (intermediated) also had a significant influence on the change in material-type costs, affected by the following major factors:

- The change in material costs was affected the most by the change in the material costs incurred by the companies belonging to the Generation Division. Out of that, the cost of the fuel purchased by Vértesi Erőmű Zrt. increased by HUF 1,221 M (the use of purchased biofuels increased considerably), and the nuclear fuel costs of Paksi Atomerőmű Zrt. grew by HUF 592 M (as a consequence of the expansion of production and the altered value and composition of the rods), while the fuel costs of Tatabánya Erőmű Kft. increased by HUF 379 M. In addition to the impacts mentioned above, the material costs of MVM Észak-Buda Projekt Kft. involved in full consolidation in the subject year enhanced the increment by HUF 2,738 M.
- The increase in the value of services sold/intermediated was influenced the most by the activities of MAVIR Zrt. and OVIT Zrt.

Staff costs increased by HUF 8,039 M (14.41%) in total relative to the base year, originating in part from the average (7.5%) approved pay rise in the Group, and in part from the expansion of the group of fully consolidated companies (+ HUF 2,859 M), of which the staff costs of Atomix Kft. amounted to HUF 2,415 M.
The breakdown of costs by divisions is shown in aggregate in Appendix C.2.

C. 1.1.4 Trends in Other Income and Expenditures

Trends in other income are demonstrated in the table below:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Intangible and tangible assets sold	3,500	1,200	-2,300	-65.71
Acknowledged value of receivables sold and transferred	20	1	-19	-95.00
Fines and penalties imposed, default interest and compensations	1,522	166	-1,356	-89.09
Compensation received for damage events	14	67	53	378.57
Subsidies and grants received	1,048	35	-1,013	-96.66
Subsidy for coal industry restructuring	9,899	9,051	-848	-8.57
Price support for power generated for obligatory off-take (“KÁP”)	40,114	40,657	543	1.35
Provisions used	3,427	3,338	-89	-2.60
Depreciation reversed	4	3	-1	-25.00
Other	163	288	125	76.69
TOTAL	**59,711**	**54,806**	**-4,905**	**-8.21**

In compliance with the statutory regulations applicable to the system operator (MAVIR Zrt.), the revenues from the price support for power generated for obligatory off-take **(“KÁP”)** equal expenses relating to the price support for power generated for obligatory off-take (HUF 40,657 M) within the amounts of other income and other costs, respectively.
Within the framework of the Restructuring Plan of the Hungarian Coal Industry for the Years 2004 to 2010 approved by the European Commission,

Vértesi Erőmű Zrt. is eligible within the Group to a subsidy determined annually and regressively, which amounted to HUF 9,051 M in the subject year. Provisions are detailed in Section B.5 by titles for accumulation and utilisation.

The change relative to the baseline in the subsidies received was caused mostly by the elimination of the gas price subsidy given to Tatabánya Erőmű Kft., i.e., the change in the accounting technique pursuant to the change in law, the effect of which was HUF –934 M.

Other expenses are contained in the table below:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Book value of intangible and tangible assets sold	3,439	790	-2,649	-77.03
Book value of receivables sold and transferred	27	1	-26	-96.30
Compensation paid, expenditures associated with damage	157	232	75	47.77
Fines, penalties and default interest paid	54	86	32	59.26
Regular allowances paid to employees	191	182	-9	-4.71
Subsidies and grants	2,584	1,811	-773	-29.91
Price support for power generated for obligatory off-take ("KÁP")	40,114	40,657	543	1.35
CO_2 quota	14,134	9,652	-4,482	-31.71
Provisions accumulated	12,904	24,905	12,001	93.00
Loss in value accounted for	1,631	3,975	2,344	143.72
Net value of tangible and intangible assets scrapped or otherwise cancelled	1,142	1,099	-43	-3.77
Central Nuclear Fund	22,827	22,827	0	0.00
Taxes and contributions to the central budget	890	736	-154	-17.30
Taxes to local governments	4,504	6,000	1,496	33.21
Other	349	1,290	941	269.63
TOTAL	**104,947**	**114,243**	**9,296**	**8.86**

The sum paid by Paksi Atomerőmű Zrt. into the Central Nuclear Fund (CNF) was HUF 22,827 M in the subject year as prescribed by the Budget Act.
The utilisation of the CO_2 quota of HUF 9,652 M booked in the subject year is made up of the quotas used up in the subject period from among the units established for the year 2006 on the basis of the National Allocation List (HUF 8,886 M by Vértesi Erőmű Zrt. and HUF 765 M by Tatabánya Erőmű Kft.), on the one hand, and the subsequent adjustment of the shortage (HUF 1 M) in the base period from the quota received for 2007, on the other hand.

Out of the loss in value booked in the subject year, the loss in value of HUF 2,934 M associated with the nuclear fuel inventory of Paksi Atomerőmű Zrt. was significant, of which HUF 2,620 M came from the scrapping of cartridges contaminated with deposits, and HUF 314 M was the loss in value of cartridges with limited use in their normal useful life.
Further details of the loss in value accounted for are shown in Appendix B.5.

C. 1.2 Evaluation of Profit and Loss on Financial Transactions

Relative to the base year, 'Profit and loss on financial transactions' changed as follows:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Income from financial transactions	**8,538**	**11,078**	**2,540**	**29.75**
Dividends received	4,800	5,563	763	15.90
Interest received from affiliated companies	61	64	3	4.92
Interest received from financial institutions	1,018	1,746	728	71.51
Other interest received	648	389	-259	-39.97
Valuation of associated companies	-365	0	365	100.00
Other	2,376	3,316	940	39.56
Financial expenditures	**9,921**	**8,116**	**-1,805**	**-18.19**
Interest paid to affiliated companies	3	0	-3	-100.00
Interest paid to financial institutions	7,909	5,257	-2,652	-33.53
Other interest paid	38	61	23	60.53
Valuation of associated companies		524	524	0.00
Other	1,971	2,274	303	15.37
PROFIT AND LOSS ON FINANCIAL TRANSACTIONS	**-1,383**	**2,962**	**4,345**	**-314**

The profit on financial transactions increased by HUF 4,345 M relative to the year 2006, as influenced by the following major factors:

Dividends received increased the profit on financial transactions by HUF 763 M. In 2007, the dividends received developed as follows:

- Dividends received from the jointly managed company (EKS Service Kft.) **HUF 50 M**
- Dividends received from associated companies **HUF 5,503 M**
  of which HUF 3,589 M from Dunamenti Erőmű Kft. and HUF 1,914 M from Mátrai Erőmű Kft.
- Dividends received from companies linked by other participating interests **HUF 4 M**
  of which HUF 3 M from Oroszlányi Szolgáltató Zrt. and HUF 1 M from Hotel Carbona Zrt.
- Other dividends received (MOL Nyrt.) **HUF 6 M**

The balance of dividends paid to, and received from, financial institutions improved the figure of profit and loss on financial transactions by HUF 3,380 M.

'Interest received from affiliated companies' developed as follows:

- EKS Service Kft. **HUF 48 M**
- Niker D.o.o. **HUF 16 M**

C. 1.3 Evaluation of Extraordinary Profit and Loss

Regarding its major items, 'Extraordinary profit and loss' developed as follows:

Description	2006 HUF M	2007 HUF M	Difference HUF M	Change %
Extraordinary income	**15,261**	**10,601**	**-4,660**	**-30.54**
Settlement of intangible and tangible assets implemented for development purposes	201	217	16	7.96
Assets found in excess	19	18	-1	-5.26
CO_2 quota	15,038	10,352	-4,686	-31.16
Other extraordinary income	3	14	11	366.67
Extraordinary expenses	**297**	**382**	**85**	**28.62**
Liquid assets transferred definitively, support granted	142	193	51	35.92
Fixed instalment regarding flat-rate grant from the State	144	144	0	0.00
Debt assumption	8	0	-8	-100.00
Book value of assets transferred free of charge	2	35	33	1650.00
Cancelled receivables	1	4	3	300.00
Cancelled receivables 1 4 3 300.00 Other extraordinary expenses	0	6	6	0.00
EXTRAORDINARY PROFIT AND LOSS	**14,964**	**10,219**	**-4,745**	**-31.71**

Relative to the base period, the extraordinary profit and loss figure fell by HUF 4,745 M as influenced by the change in the accounting for the CO_2 quota in the first place.

IIn the subject year, the CO_2 Quota was accounted for as follows on the basis of the aggregate figures of Vértesi Erőmű Zrt. and Tatabánya Erőmű Kft.:

- Effect of utilisation: HUF 9,652 M
- CO_2 quota sold at book value: HUF 273 M
- Loss in value written off: **HUF 427 M**

Funds received for development purposes are accounted for in accordance with the provisions of the Accounting Act as extraordinary income associated with assets created during development, at the rate of depreciation of such asset.

Out of the funds received for development purposes, HUF 168 M was accounted for at MAVIR Zrt. and HUF 49 M at Vértesi Erőmű Zrt. as extraordinary income in line with the depreciation charge of the assets implemented and put into use.

C. 2. Consolidated Tax Liability of the Group

The actual tax (corporate tax and surtax) liability incurred by the Group, i.e., the subsidiaries involved in full consolidation, was HUF 6,578 M in 2007.

Latent tax was HUF -1,029 M for the subject year, which is the value of the corporate tax difference due to consolidation. This does not modify the tax liability payable, only indicates that the consolidated companies would have incurred HUF 1,029 M less corporate tax liability on the basis of the consolidated profit and loss account.

D. Indicators of the Trends in the Pecuniary, Financial and Earnings Situation

D. 1. Trends in the Group's Pecuniary Situation

Fixed Assets Ratio	Fixed assets (HUF M)	Total assets (HUF M)	**Value**
31 December 2006	474,626	672,875	0.71
31 December 2007	498,648	722,665	0.69
Current Assets Ratio	Current assets (HUF M)	Total assets (HUF M)	**Value**
31 December 2006	164,665	672,875	0.24
31 December 2007	220,698	722,665	0.31
Capital Adequacy Ratio	Shareholders' equity (HUF M)	Total equity and liabilities (HUF M)	**Value**
31 December 2006	399,588	672,875	0.59
31 December 2007	434,904	722,665	0.60
Leverage Ratio	Liabilities (HUF M)	Shareholders' equity (HUF M)	**Value**
31 December 2006	215,154	399,588	0.54
31 December 2007	191,719	434,904	0.44
Capital Growth Ratio	Shareholders' equity (HUF M)	Issued capital (HUF M)	**Value**
31 December 2006	399,588	200,316	1.99
31 December 2007	434,904	200,316	2.17
Fixed Assets Coverage Ratio	Shareholders' equity + long-term liabilities (HUF M)	Fixed assets (HUF M)	**Value**
31 December 2006	436,325	474,626	0.92
31 December 2007	506,181	498,648	1.02
Book Value Per Share (BVPS)	Shareholders' equity (HUF th)	Number of shares	**Value**
31 December 2006	399,587,589	25,039,540	15.96
31 December 2007	434,904,311	25,039,540	17.37

The Fixed Assets Ratio and the Current Assets Ratio were largely influenced by the HUF 39,719 M increase in the liquid assets of MVM Zrt. and Paksi Atomerőmű Zrt., without which the two groups of assets would have changed to about the same extent. The improvement of the Capital Adequacy Ratio was due to the profit achieved in 2007.

D. 2. Trends in the Group's Financial Situation

Capital Gearing Ratio	Liabilities (HUF M)	Total equity and liabilities (HUF M)	**Value**
31 December 2006	215,154	672,875	0.32
31 December 2007	191,719	722,665	0.27
Indebtedness Ratio	Net Debt1 (HUF M)	Shareholders' equity (HUF M)	**Value**
31 December 2006	67,853	399,855	0.17
31 December 2007	-23,476	434,904	-0.05
Liquidity Ratio	Current assets (HUF M)	Current liabilities (HUF M)	**Value**
31 December 2006	164,665	168,861	0.98
31 December 2007	220,698	110,443	2.00
Acid Test Ratio	Liquid assets + receivables + securities (HUF M)	Current liabilities (HUF M)	**Value**
31 December 2006	99,636	168,861	0.59
31 December 2007	166,740	110,443	1.51
Stock Turnover Ratio	Average inventory of stocks (excluding CO_2 quota) (HUF M)	Net sales / 365 (HUF M)	**Value**
31 December 2006	53,647	1,376	38.98
31 December 2007	54,533	1,720	31.70
Trade Debtors Turnover Ratio	Average trade debtors (including affiliated customers) (HUF M)	Net sales / 365 (HUF M)	**Value**
31 December 2006	40,225	1,376	29.23
31 December 2007	50,219	1,720	29.20
Trade Creditors Turnover Ratio	Average trade creditors (including affiliated suppliers) (HUF M)	Material-type costs / 365 (HUF M)	**Value**
31 December 2006	44,394	1,092	40.66
31 December 2007	50,060	1,273	39.32
Interest Coverage Ratio	EBITDA[2] (HUF M)	Interest paid (HUF M)	**Value**
31 December 2006	20,860	7,950	2.62
31 December 2007	62,260	5,319	11.71

[1] Interest-bearing liabilities – Liquid Assets – Securities held for trading

[2] Trading profit + depreciation

The profit made and the decreasing amount of outstanding loans in the subject year had a favourable impact on indebtedness.
Liquidity could improve because of the aforementioned increase in liquid assets and the trading profit achieved.

The increase in trade debtors is attributable to an increase in the trade debtors of MVM Trade Zrt., MAVIR Zrt., OVIT Zrt. and Vértesi Erőmű Zrt.

D. 3. Trends in the Group's Profitability

Return on Equity (ROE)	Profit after tax (HUF M)	Shareholders' equity (HUF M)	**Value (%)**
31 December 2006	1,795	399,588	0.45%
31 December 2007	36,325	434,904	8.35%
Return on Assets (ROA)	Profit after tax (HUF M)	Total assets (HUF M)	**Value (%)**
31 December 2006	1,795	672,875	0.27%
31 December 2007	36,325	722,665	5.03%
Return on Sales (ROS)	Profit after tax (HUF M)	Net sales (HUF M)	**Value (%)**
31 December 2006	1,795	502,333	0.36%
31 December 2007	36,325	627,800	5.79%
Dividend Payout Ratio	Dividends payable (HUF M)	Issued capital (HUF M)	**Value (%)**
31 December 2006	3	200,316	0.00%
31 December 2007	1,004	200,316	0.50%
Earnings Per Share (EPS)	Profit after tax (HUF th)	Number of Shares	**Value**
31 December 2006	1,795,295	25,039,540	0.07
31 December 2007	36,324,658	25,039,540	1.45
EBITDA Ratio	EBITDA (HUF M)	Net sales (HUF M)	**Value (%)**
31 December 2006	20,860	502,333	4.15%
31 December 2007	62,260	627,800	9.92%

The profitability of the Group improved to a great extent in the subject year.

D. 4. Cash Flow Statement

As at 31 December 2007, the Group had a closing value of HUF 87,945 M for liquid assets, which exceeded the previous year's amount by HUF 40,249 M.

The available cash flow was formed by the operating, investments and financing cash flows, which are described in Appendix D.1.

D. 5. Indices Related to Loan Agreements

Syndicated Loan Index I	Adjusted EBITDA1 (HUF M)	Interest paid[2]	Value (%)
31 December 2006	25,343	7,679	3.30
31 December 2007	67,314	4,849	13.88
Syndicated Loan Index II	Adjusted net debt[3]	Net tangible asset value[4]	**Value (%)**
31 December 2006	56,817	387,494	0.15
31 December 2007	-35,610	422,638	-0.08

1. + group-level trading profit/loss
   – trading profit/loss of fully consolidated Project companies
   + dividends received at group level
   + depreciation at group level
   – depreciation of fully consolidated Project companies

2. + interest paid at group level
   – interest paid by fully consolidated Project companies

3. + interest-bearing liabilities at group level
   – interest-bearing liabilities of fully consolidated Project companies
   – liquid assets at group level
   – securities held for trading at group level
   + liquid assets of fully consolidated Project companies
   + securities held for trading of fully consolidated Project companies

4. + shareholders' equity at group level
   – intangible assets at group level

Project companies:
Miskolci Fűtőerőmű (Miskolc District Heating Power Plant), MVM Észak-Buda, Tatabánya Erőmű (Tatabánya Power Plant)

E. Supplementary Information

E. 1. Affiliated Companies and Other Participating Interests

The Company is a member of the consolidated company group controlled by Állami Privatizációs és Vagyonkezelő Zártkörűen Működő Részvénytársaság (ÁPV Zrt., State Privatisation and Holding Private Company Limited by Shares).

The company compiling the Consolidated Report is ÁPV Zrt. (at 1133 Budapest, Pozsonyi út 56.). The Report can be inspected at the seat of (ÁPV Zrt.) MVM Zrt. Pursuant to the provisions of the Accounting Act, MVM Zrt. prepares a Consolidated Annual Report on the MVM Group. Both the Consolidated Report and the companies' individual reports can be inspected at the seat of the Company.

E. 2. Remuneration of the Company's Officers

Members of the Board of Directors and the Supervisory Board of the parent company were paid the following emoluments for their 2007 activities:

Description	Gross Emoluments (HUF)
Board of Directors	42,995,000
Supervisory Board	22,647,000
TOTAL:	**65,642,000**

Neither advance payment, nor loan was disbursed to any of them.

E. 3. Research and Experimental Development Activities

In the subject period, MAVIR Zrt. participated as contributor in the following two projects within the framework of the National Research and Development Competition:

- Risk Assessment and Economic Planning Using Probability Weather Forecasts (Registration No. 3A/051/2004);
- Planning and Implementation of a Real-time Data-oriented Decision-making Support System (Registration No. GVOP-3.1.-2004-05-0247/3).

At PA Zrt., the capitalised value of research and development increased by HUF 78 M relative to the base year as the aggregate outcome of the items below:

- Opening R&D portfolio: HUF 152 M
- Of the HUF 624 M accounted for as R&D costs in the subject year, the value of intangible assets booked as uncompleted experimental development: HUF + 187 M
- In the subject year, the R&D portfolio decreased as a result of capitalisation to assets: HUF –109 M
- Closing R&D portfolio in the subject year: HUF 230 M

E. 4. Registered Data of the Person Responsible for the Management and Supervision of Accounting Services Tasks

Zsuzsa Gombkötő
Residential address: 2111 Szada, Szőlő utca 22., Hungary

The Head of the Accounting Department of MVM Zrt. is a person registered under No. 173418 with the Ministry of Finance as a person entitled to pursue accounting service activities pursuant to Government Decree No. 93/2002 (V. 5.).

Accounting services are provided to Magyar Villamos Művek Zrt. by MVM KONTÓ Pénzügyi és Számviteli Szolgáltató Központ Zrt. (MVM KONTÓ Financial and Accounting Service Centre Private Co. Ltd.).

E. 5. Persons Entitled to Sign the Annual Report

Signing officers

Entitled to sign individually:
Dr István Kocsis
Chief Executive Officer
Residential address: 2016 Leányfalu, Móricz Zs. u. 163/c, Hungary

Entitled to sign jointly:
László Molnár
Deputy CEO for Business
Residential address:
7030 Paks, Arany János u. 57., Hungary
Zsuzsa Gombkötő
Head of Accounting Department
Residential address: 2111 Szada, Szőlő utca 22., Hungary

E. 6. Audit

Auditor of the Company:

Company name:
Ernst & Young Kft.
Person responsible for conducting the audit:
István HAVAS
Chamber Membership No.:
003395

E. 7. Other Supplementary Information

Liabilities Off the Balance Sheet:

- Pursuant to Article 20(4) of Council Regulation No. 1/2003, the Competition Authority of the European Commission ordered an on-site inspection at MVM Zrt. and its two subsidiaries, MAVIR Zrt. and MVM Trade Zrt. on 5 May 2006. The purpose of the inspection is basically to clarify, with respect to MVM Zrt. and its two subsidiaries, the suspicion of abuse of the dominant position of MVM Zrt. The Commission inspects the compatibility of the long-term agreements (LTAs) concluded by MVM Zrt. with the European legislation in terms of prohibited state subsidisation under No. C 41/2005, and in terms of competition law under No. COMP/B-1/39318. On 16 May 2006, there were simultaneous site inspections held at the three companies. The inquiry is still in progress, no final decision has been brought to date, so the outcome was not known at the time of preparing the Balance Sheet. It is conceivable that the inspections will call for the significant modification of the LTAs and the termination of some of them. The order of magnitude of the burdens arising from the amendment and termination of the LTAs cannot be reliably established at present, nor can the bearer of the related costs and expenditures. Accordingly, the Group did not accumulate provisions to cover the fines and penalties, if any, arising from the inquiry.

- With consideration to the aforesaid EU inquiries and the expected changes in the new model of the electricity market, Budapesti Erőmű Zrt., Mátrai Erőmű Zrt., Csepeli Áramtermelő Kft. and AES Tisza Erőmű Kft. sent letters to MVM Trade Zrt. about the possible premature termination of the LTAs, in which they numerically specified their expected claims for compensation. These notices cannot be deemed as official claims, they are only estimations for information purposes of the possible extent of gross claims based on the LTAs with regard to the possible premature termination of the LTAs pursuant to a state administrative decision. Taking all these into account, the said notices have no influence on the 2007 Annual Report.

MVM Zrt.

Secured Liabilities [Article 90(3)(a)]

- In relation to the loan borrowed from the World Bank in 1998 for the installation of secondary back-up gas turbines, MVM Zrt. entered into an agreement with the Ministry of Finance in July 1997 for the assignment of sales revenues, under which DÉMÁSZ Nyrt. shall pay all its outstanding debts due to MVM Zrt. to the Ministry of Finance in case the World Bank were to enforce its guarantee claim against the Hungarian State (the loan will expire on 15 March 2012).

Sureties Assumed [of Article 90(3)(c)

- MVM Zrt. assumed surety towards the suppliers with respect to the transfer of the long-term power purchase agreements to MVM Trade Zrt. to pay any undisputed liability of MVM Trade Zrt. in the case of the late payment of such liabilities over 15 days.
- In relation with the EEX exchange membership of MVM-Adwest GmbH, MVM Zrt. assumed joint and several surety up to the amount of EUR 500,000 towards the clearing member concerned.
- MVM Zrt. assumed surety up to the amount of EUR 3,000,000 towards a foreign electricity company for any outstanding payment obligations of MVM Trade Zrt., MVM Partner Zrt. and MVM-Adwest GmbH arising from their electricity trading transactions.
- MVM Zrt. assumed surety towards three foreign electricity companies up to the amount of EUR 1,000,000 each for any outstanding payment obligations of MVM-Adwest GmbH arising from their electricity trading transactions.
- MVM Zrt. assumed surety towards a Hungarian electricity company up to the amount of EUR 1,000,000 for any outstanding payment obligations of MVM Partner Zrt. arising from their electricity trading transactions.
- MVM Zrt. assumed surety towards E.ON Földgáz Trade Földgázkereskedelmi Zrt. up to the amount of HUF 166.9 M for certain payment obligations of Tatabánya Erőmű Kft. arising from their long-term gas supply contract.
- MVM Zrt. assumed surety towards TURBOMACH S.A. for any outstanding payment obligations of MVM Észak-Buda Projekt Kft. arising from their long-term maintenance contract.
- MVM Zrt. assumed joint and several surety towards K&H Bank Nyrt. for any outstanding payment obligations of MAVIR Zrt. arising from their general treasury contract.
- The European Commission's Directorate General for Competition Policy is investigating the compatibility of the LTAs concluded by MVM Zrt. with the European legislation with respect to prohibited state subsidisation under No. C 41/2005 and in relation with competition law under No. COMP/B-1/39318.

In the case filed under No. C41/2005, the proceedings are conducted against the Hungarian State and the purpose of the inquiry is to clarify whether the LTAs of the power plants and the transition costs paid for the released capacities may be deemed prohibited state subsidisation.

In the case filed under No. COMP/B-1/39318, the Commission is investigating whether the MVM Zrt. commits any abuse of its dominant position in the electricity markets concerned, primarily through the LTAs concluded. It is conceivable that the conclusion of the inquiries may call for the significant modification of the LTAs or the termination of some of them.

- With consideration to the aforesaid EU inquiries, the Government prescribed in their Resolution No. 2080/2007 (V. 11.) Korm. on the Settlement of Long-term Agreements Concluded in the Electricity Industry that such long-term agreements (LTAs) concluded in the electricity industry shall be settled in compliance with the requirements of the EU. In the course of the negotiations aimed at the settlement of the situation of the LTAs, the Government tries to conclude new trade agreements that, from a technical point of view, mean the termination of the LTAs in force and, from a practical point of view, the conclusion of new trade agreements in conformity with the EU regulations, in a new form and with new contents, in order to pass on the favourable average portfolio price to the consumers.

Paksi Atomerőmű Zrt.

- Liabilities off the Balance Sheet (assumption of surety, payment obligations arising from the negotiation of a bill or pending or certain payment obligations) significantly affecting the situation of the Company or its evaluation other than the ones detailed below do not exist.
- In addition to the amount which is important in terms of the financial situation and stated in the Balance Sheet, Paksi Atomerőmű Zrt. had, as at 31 December 2007, the liability to pay fixed instalments of HUF 252 M with respect to Units 5 and 6, which will finally expire in 2009.
- The Company does not have any liability secured by lien or other similar right the repayable amount of which is greater than the amount received.
- For its deferred customs duty payment permit, the Company holds a bank guarantee of HUF 150 M.
- Paksi Atomerőmű Zrt. is preparing to extend the useful life of the nuclear power plant in a manner also supported by the owner. The relevant capital project works started in 2002, but the final decision will have to be made after the required licences will have been obtained. The funds for preparing for the works are available from the Medium-term Project Management and Development Programme. The funds required for subsequent works will be provided by the accumulated depreciation.
- Section 40 of Act CXVI of 1996 on Atomic Energy (Nuclear Act) provides for the final disposal of radioactive wastes and the performance of the tasks associated with the temporary storage and final disposal of spent fuel and the decommissioning of the nuclear facility, and it is declared in Section 41 that the costs of the final disposal of the radioactive waste, the temporary storage and final disposal of spent fuel and the decommissioning of the nuclear facility shall be borne by the licence holder or, in case of a budgetary institution, the central budget.The Government commissioned the Hungarian Atomic Energy Authority (HAEA) to found Radioaktív Hulladékokat Kezelő Közhasznú Társaság (RHK Kht., Radioactive Waste Management Not-for-profit Company) to fulfil these responsibilities. According to Section 62 of the same Decree, the Central Nuclear Fund (CNF or Fund) shall finance the implementation of these tasks as a segregated state fund in such a way that the entities or organisations obliged to do so make their payments directly to the account of CNF kept with the Hungarian State Treasury. Section 2, subsection (1), paragraph c) of Government Decree No. 240/1997 (XII. 18.) ordered, among planning and reporting tasks, the preparation and annual review of the medium- and long-term plans of the activities to be funded from the

CNF and of the revenue sources. The reason for the regular review of medium- and long-term plans and the cost estimates is that CNF should secure realistic coverage for expenses to be incurred in the distant future. This complies with the principle that the generation which uses atomic energy should pay the costs of future activities stemming from such use and should not impose unjustifiable burdens on the next generation. Since the 1998 establishment of the Fund, Paksi Atomerőmű Zrt. has paid HUF 172,358 M in total into the Fund (HUF 227,312 M at 2008 value). According to the forecasts in the medium- and long-term plans of the CNF, the Company will have the liability to pay HUF 263,628 M in addition (at 2008 value) until 2017, when the operational licences of the Company will expire, that is, until the end of the currently expected useful life of the power plant units. The annual payment obligations will be determined on the basis of the medium- and long-term plans prepared by RHK Kht. (and approved by the CNF Advisory Board and the Hungarian Atomic Energy Authority) and finalized by the Minister supervising the HAEA. Afterwards, the amount payable into the CNF shall be laid down in the annual State Budget Act. Expected future costs, the payment obligations and their breakdown by years are determined on the basis of a complex calculation method involving a considerable uncertainty of the estimation. This estimated liability may change to a great extent in the future, consequently, the annual payment obligations of the Company may also turn out to be very different. Furthermore, the amount of annual payments and their distribution over the years may differ from the pro rata parts of the total payment obligation.

- Our Company holds the insurance policies prescribed by law or generally used in international practice. Outstanding of these are the Liability Insurance for Nuclear Damages, the Property Insurance and the Executive Liability Insurance. The parameters of our insurance policies are based on a risk matrix prepared by an expert company.
- Our Company planned to transport 4,000 spent cartridges to Russia during the period between 1996 and 2006, for which the Company has a valid contract. With regard to this large volume, the Russian party granted discounts, with the proviso that if the contracted amount is not transported through the fault of Paksi Atomerőmű Zrt., the original price has to be paid subsequently for the cartridges already delivered, too. Deliveries of the contracted amount have not been completed to date, giving rise to a dispute between the two parties regarding liability. This dispute has not been closed as yet. Paksi Atomerőmű Zrt. has been negotiating with the Russian party with short interruptions but on an ongoing basis.
- Paksi Atomerőmű Zrt. maintains its opinion that return transportation of spent fuel cartridges was hindered by the then prevailing Russian regulations at the beginning, the delay in forming the final opinion of the Russian Government and in the amendment of the Protocol of April 1994 relating to the Russian-Hungarian Intergovernmental Agreement, and later, among other things, by the entry into force of the Hungarian Nuclear Act, so the contract could not be fulfilled afterwards.
- According to the opinion of the Russian party, there is still nothing to prevent the continuation of cooperation and considers their claim well-founded according to which Paksi Atomerőmű Zrt. should make a subsequent payment for the actual deliveries of spent fuel cartridges between 1997 and 1998. At the same time, the Russian party indicated that they were willing to settle the matter in dispute by means of negotiation.

Cover for this payment obligation, if any, is guaranteed in the electricity sales revenues, in the form of individual reimbursement of costs.

Vértesi Erőmű Zrt.

- Commissioned by MVM Zrt., in 2007 ERBE ENERGETIKA Kft. reviewed the costs of the closure and land reclamation plans of the power plants (at Oroszlány, Bánhida and Tatabánya) belonging to Vértesi Erőmű Zrt.

Based on the expert report prepared,

- the estimated costs of closing, dismantling and land reclamation of the Oroszlány Power Plant will be HUF 2,199 M;
- the estimated costs of closing, dismantling and land reclamation of the Tatabánya Power Plant (a liability of VÉRT) will be HUF 448 M;
- the estimated costs of closing, dismantling and land reclamation of the Bánhida Power Plant will be HUF 525 M, of which:
  - the liability of VÉRT: HUF 107 M
  - the liability of Bánhidai Erőmű Kft.: HUF 418 M.

  For the projected costs of the closure, dismantling and land reclamation of the power plants, Vértesi Erőmű Zrt. accumulated altogether HUF 2,062 M as provisions in their 2007 Balance Sheet with consideration to the provisions accumulated earlier.

  Bánhida Erőmű Kft. accumulated provisions of HUF 418 M for liabilities in their Balance Sheet.

  With respect to the Tatabánya Power Plant, Vértesi Erőmű Zrt. had already accumulated provisions in the previous years for the entire amount, already included in the 2006 Balance Sheet with a value of HUF 518 M. Because of the losses made until 2007, Vértesi Erőmű Zrt. depreciated its investment in Bánhida Erőmű Kft. in its books in the proportion of shareholders' equity to issued share capital. This amounted to HUF 564 M.

  The costs are exclusive of VAT.
- The Company used up the provisions accumulated in the previous years for collective staff reduction. Vértesi Erőmű Zrt. accumulated provisions of HUF 865 M for the expected staff reductions in the period between 2008 and 2010, and HUF 240 M for the liabilities associated with early retirement based on time spent in service.
- Because of the expected payments associated with the lawsuits in progress, the Company accumulated provisions of HUF 25 M in the year 2007, while HUF 23 M was reversed from the previous years as the lawsuits had come to an end.
- The Company reviewed the movements of its stock-in-trade between 1 January 2007 and 31 December 2007 and booked a loss in value of HUF 1 M on stocks which had not moved at all for one year. In addition, stock-in-trade worth HUF 5 M were scrapped during the year.
- Trade debtors were depreciated by HUF 0.4 M as shown in the Report.
- According to the records of the Ministry of Environmental Protection and Water Management, the Company held a CO_2 quota of 1,728,503 tonnes in 2007. Preliminary calculations show that in 2007, the Company used up 1,630,445 tonnes, which is less than the quota allowed, so no obligation arose at the Company to accumulate provisions for this purpose.
- Section 6/d of Chapter VI, Sections 6/a, 6/c and 6/e of Chapter XII and Section b of Appendix 3 of the Collective Agreement in force at Vértesi Erőmű Zrt. establish the scope and amount of the retirement, jubilee and other rewards (for mine rescuers, volunteer firemen) applicable to the employees of the Company. For the associated liabilities, the Company accumulated provisions of HUF 1,547 M for the entire amount in 2007 with acknowledgement by the majority owner.
- The Company has a Medium-term Strategy approved by the Shareholders' Meeting (Resolution No. 9/2005 [IV. 8.]), which ensures the conditions for continuing business. The Company guaranteed the assertion of the principle of continuing business through the implementation of a retrofit programme (completed in the year 2006).

According to the relevant EU Resolution, the disbursement of the coal industry restructuring support is arranged for until 2010. The profitability of business operations of the Company will be improved by the realisation of the sale of electricity produced from renewable sources of energy, subject to obligatory off-take. For the year 2008, the Hungarian Energy Office approved the sale of 250 GWh of such electricity in their relevant decision. The sales revenues from it are expected to reach HUF 7 thousand million (HUF 6,845 M) in 2008 as against HUF 3 thousand million in 2007.

- The projected outstanding short-term loans of the Company as at 31 December 2008 will be HUF 7,715 M with the book-entry transfer of the annual instalment of the capital investment loan and HUF 6,242 M without book-entry transfer. At present, the Company has a short-term loan of HUF 4,200 M and a revolving loan of HUF 2,400 M to supplement the former. The lender is, in both cases, Magyar Villamos Művek Zrt. In our opinion, the production and development activities (operation) of Vértesi Erőmű Zrt. in 2008 can be financed within the MVM Zrt. Group. From 2008 until 2012, Vértesi Erőmű Zrt. holds a CO_2 quota of 1,482,962 tonnes per year according to Government Decree No. 13/2008 (I. 30) Korm., which also provides the conditions of continuing business.
- Tender No. NEP-2003-5/03/04/01 entitled "Modernisation of the District Heating Supply on the Supplier's Side" and submitted by our Company to the tendering system of the National Energy Saving Programme was found worth supporting by the Inter-Departmental Committee for Energy Saving. For the implementation of the development at the Bánhida High Rise Estate in Tatabánya, the Ministry of Economic Affairs granted a support of HUF 49 M in the year 2005. To secure the support, a joint and several mortgage of HUF 49 M was established on the real estate to exist for five years as of the completion of the physical asset in accordance with its original purpose.
- The loan guarantees of the Company existing as at 31 December 2007 were as follows:
  - Joint and several surety assumed by the State for a capital investment loan of HUF 10,311 M;
  - Guarantee assumed by MVM Zrt. for short-term loans.
- The interest of Vértesi Erőmű Zrt., as the 100% owner of Bánhida Kft., is still to use the power plant as an energy generation facility. According to Decision No. 183/2006 issued by the Hungarian Energy Office, Bánhida Erőmű Kft. holds a licence to operate as an "electricity generation company" until 31 December 2009. Pursuant to Decision No.185/2006 of the Hungarian Energy Office, the Company holds a licence to "suspend electricity generation activity" until 31 March 2009. At their meeting of 31 January 2008, the Supervisory Board of Vértesi Erőmű Zrt. requested information on the present situation of Bánhida Erőmű Kft. The prohibition of change ordered by the Local Government of the City of County Rank of Tatabánya in August 2005 will expire (maximum term) or terminate in August 2008. The conditions inherent to the Bánhida Power Plant site still enable the generation of at least 100 MW energy by condensation or up to 230 MW combined cycle power generation. Based on the ERBE study examining the development possibilities of the Bánhida Power Plant, discussions were held with the experts of Bánhida Erőmű Kft., Vértesi Erőmű Zrt. and Tatabánya Erőmű Kft.

On the basis of these discussions and with regard to the previous tests and studies, the examination of two alternatives from an investment point of view was recommended to MVM Zrt. for consideration:

1. Combined cycle gas turbine power plant
2. Hard coal-fired power plant.

Based on the recommendations, MVM Zrt. can decide whether to order a detailed study on both alternatives or only one, or to hand this opportunity over to investors.

Investors are showing interest in the power plant even now.

Negotiations are going on with the design office preparing the development plan for the power plant sites and the environmental protection company invited by them. Based on the discussions, the development plan will presumably enable the site to be used as a power generation facility. So it can be expected that before August 2008, when the three-year prohibition of alteration expires, the Local Government will adopt a new development plan which also respects the interests of the power plant.

Trends in employee headcount and the employees' income are detailed in Appendix E.1.

Figures relating to the hazardous wastes and materials harmful to the environment owned by the Company are contained in Appendix E.2, while figures relating to the tangible assets directly serving the purpose of environmental protection are shown in Appendix E.3.

Budapest, 14 March 2008

Dr István Kocsis
Chief Executive Officer

Appendices

Part A

Appendix A. 1:	Consolidated Companies of the Group
Appendix A. 2:	Description of the Owners (Companies Within the Group) of the Fully Consolidated and Associated Companies
Appendix A. 3:	Assets Side of the Cumulative Balance Sheet of the Group
Appendix A. 4:	Equity and Liabilities Side of the Cumulative Balance Sheet of the Group
Appendix A. 5:	Cumulative Profit and Loss Account of the Group
Appendix A. 6. a):	Calculation of the Consolidated Balance Sheet of the Group (Assets)
Appendix A. 6. b):	Calculation of the Consolidated Balance Sheet of the Group (Liabilities)
Appendix A. 6. c):	Calculation of the Consolidated Profit and Loss Account of the Group

Part B

Appendix B. 1:	Movements in the Portfolio of Intangible Assets
Appendix B. 2:	Movements in the Portfolio of Tangible Assets
Appendix B. 3:	Consolidated Long-term Participating Interests in Affiliated Companies
Appendix B. 4:	Trends in Positive Consolidation Differences
Appendix B. 5:	Trends in Loss in Value
Appendix B. 6:	Movements in Consolidated Shareholders’ Equity
Appendix B. 7:	Trends in Negative Consolidation Differences
Appendix B. 8:	Trends in Loans

Part C

Appendix C. 1:	Net Sales of the Group in a Breakdown by Products and Product Types, Aggregated by Divisions
Appendix C. 2:	Detailed Costs of the Group Aggregated by Divisions

Part D

Appendix D. 1:	Cash Flow Statement

Part E

Appendix E. 1:	Consolidated Labour Data
Appendix E. 2:	Changes in the Inventories of Environmentally Harmful Materials and Hazardous Wastes
Appendix E. 3:	Changes in the Portfolio of Tangible Assets Used for Environmental Protection

Appendix A.1.

Consolidated Companies of the Group

(2007)

COMPANIES FULLY INVOLVED IN CONSOLIDATION		
Parent (1)	**Subsidiary (20)**	
Magyar Villamos Művek Zrt. 1011 Budapest, Vám u. 5-7.	Országos Villamostávvezeték Zrt. 1158 Budapest, Körvasút sor 105.	Energo-Merkur Kft. 1239 Budapest, Grassalkovich u. 255.
	Paksi Atomerőmű Zrt. 7031 Paks, Pf.: 71, Topographical lot No.: 8803	ERBE ENERGETIKA Kft. 1117 Budapest, Budafoki u. 95.
	Vértesi Erőmű Zrt. 2841 Oroszlány, Outer Areas, Pf.: 23	MIFŰ Miskolci Fűtőerőmű Kft. 3531 Miskolc, Tatár u. 29/b.
	Tatabánya Erőmű Kft. 2800 Tatabánya, Vájár köz 2.	Villkesz Kft. 1138 Budapest, Révész u. 18.
	MVM Trade Zrt. 1011 Budapest, Vám u. 5-7.	Gter Kft. 1011 Budapest, Vám u. 5-7.
	MVM Partner Zrt. 1011 Budapest, Vám u. 5-7.	MVMI Informatikai Zrt. 7031 Paks, Pf. 71.
	MAVIR Zrt. 1014 Budapest, Petermann bíró u. 5-7.	MVM KONTÓ Zrt. 7030 Paks, Gagarin u. 1.
	MVM Észak-Buda Projekt Kft. 1011 Budapest, Vám u. 5-7.	Hotel Vértes Kft. 8600 Siófok, Battyhány u. 24.
	Bánhida Erőmű Kft. 2800 Tatabánya, Környei út 38.	Hotel Aranyhíd Kft. 8313 Balatongyörök, Petőfi u. 5.
	Atomix Kft. 7030 Paks, Gesztenyés u. 2.	MVM-ADWEST GmbH. Josefstadter Str.78/12, 1080 Vienna, Austria

COMPANIES MANAGED AS ASSOCIATED COMPANIES		
Subsidiary (2)	**Jointly Managed (1)**	**Associated (5)**
NIKER Kft. Rovinj, Croatia	EKS-Service Kft. 1138 Budapest, Késmárk u. 24-28.	Dunamenti Erőmű Zrt. 2440 Százhalombatta, Erőmű u. 2.
HUPX Zrt. 1027 Budapest, Medve u. 25-29.		Mátrai Erőmű Zrt. 3272 Visonta, Erőmű út 11.
		ER-EF Erőmű Kft. 4623 Tuzsér, Railway Station
		Zsigmondy Vilmos Harkányi Gyógyfürdőkórház Kht. 7815 Harkány, Zsigmondy sétány 1.
		MM Energy GmbH ViennaBauernmarkt 2, 1010 Vienna, Austria

COMPANIES MANAGED AS OTHER COMPANIES
Companies linked by other participating interests (7)
Energetikai Lapkiadó Kht. 1032 Budapest, Angyalföldi u. 5/b.
Hotel Carbona Zrt. 8380 Hévíz, Attila u. 1.
Komárom Thermálfürdő Szolgáltató Kft. 2800 Komárom, Táncsics Mihály. u. 34-36.
Oroszlányi Szolgáltató Zrt. 2840 Oroszlány, Bánki Donát u. 2.
Magyar Hegesztéstechnikai és Anyagvizsgálati Egyesülés 1211 Budapest, Gyepsor u. 1.
Duncan McDonald Company Secretary NIRA LIMITED Victoria Street, Dougles Isle of Man, IM 1 2 LR
Tolna Megyei Turisztikai Kht. 7090 Tamási, Nyírfa sor 15.

Appendix A.2.

Description of the Owners (Companies Within the Group) of the Fully Consolidated and Associated Companies

(2007, figures in HUF M)

Companies involved in consolidation								Ownership ratios of the owners belonging to the Group and book value of their participating interests							
Name	Head office	Consolidation			Equity value			MVM Zrt.		Paksi Atomerőmű Zrt.		Vértesi Erőmű Zrt.		MAVIR Zrt.	
		Type	Basis	Mode	In previous year	In subject year	Change	%	Book value	%	Book value	%	Book value	%	Book value
MVM Zrt.	1011 Budapest, Vám u. 5-7.	Parent	Parent	Full	328,471	353,240	24,769	-	-	0.061	205				
Parent Company					**328,471**	**353,240**	**24,769**	**-**	**-**	**~**	**205**	**~**	**0**	**~**	**0**
Ovit Zrt.	Budapest, Körvasút sor 105.	Subsidiary	Voting right	Full	5,705	5,705	0	99.750	4,510						
Paksi Atomerőmű Zrt.	7031 Paks, Pf. 71	Subsidiary	Voting right	Full	125,685	129,597	3,912	99.990	126,590						
Vértesi Erőmű Zrt.	2841 Oroszlány, Outer Areas, Pf.23	Subsidiary	Voting right	Full	12,951	9,649	-3,302	96.594	3,299						
MVM Partner Zrt.	1011 Budapest, Vám u. 5-7.	Subsidiary	Voting right	Full	996	996	0	100.000	50						
Tatabánya Erőmű Kft.	2800 Tatabánya Vájár köz 2.	Subsidiary	Voting right	Full	3,695	3,695	0	99.990	3,576						
MAVIR Zrt.	1014 Budapest, Petermann bíró u. 5-7.	Subsidiary	Voting right	Full	218,644	219,859	1,215	99.990	141,283						
Energo Merkur Kft.	1239 Budapest, Grassalkovich u. 255.	Subsidiary	Voting right	Full	68	68	0	100.000	22						
ERBE ENERGETIKA Kft.	1117 Budapest, Budafoki u. 95.	Subsidiary	Voting right	Full	401	401	0	100.000	50						
Villkesz Kft.	1138 Budapest, Révész u. 18.	Subsidiary	Voting right	Full	270	647	377	100.000	544						
MVM-Adwest GmbH	Josefstadter Str.78/12, 1080 Vienna, Austria	Subsidiary	Voting right	Full	610	613	3	100.000	36						
Gter Kft.	1011 Budapest, Vám u. 5-7.	Subsidiary	Voting right	Full	147	147	0	100.000	50						
MVM Trade Zrt.	1011 Budapest, Vám u. 5-7.	Subsidiary	Voting right	Full	7,743	10,100	2,357	100.000	10,100						
MVMI Informatika Zrt.	7031 Paks, Pf. 71	Subsidiary	Voting right	Full	182	4,904	4,722	100.000	4,822						
MVM Kontó Zrt.	7032 Paks, Pf. 71.	Subsidiary	Voting right	Full	100	100	0	100.000	100						
MIFŰ Kft.	3531 Miskolc, Tatár u. 29/b.	Subsidiary	Voting right	Full	2,217	5,428	3,211	88.293	4,401						
MVM Észak-Buda Projekt Kft.	1011 Budapest, Vám u. 5-7.	Subsidiary	Voting right	Full	2,075	3,528	1,453	100.000	3,703						

Companies involved in consolidation								Ownership ratios of the owners belonging to the Group and book value of their participating interests							
Name	Head office	Consolidation			Equity value			MVM Zrt.		Paksi Atomerőmű Zrt.		Vértesi Erőmű Zrt.		MAVIR Zrt.	
		Type	Basis	Mode	In previous year	In subject year	Change	%	Book value	%	Book value	%	Book value	%	Book value
Atomix Kft.	7030 Paks Gesztenyés u. 2.	Subsidiary	Voting right	Full	182	194	12			100.000	1				
Hotel Vértes Kft.	8600 Siófok, Battyhány u. 24.	Subsidiary	Voting right	Full	526	527	1					91.380	474		
Hotel Aranyhíd Panoráma Kft.	8313 Balatongyörök, Petőfi u.	Subsidiary	Voting right	Full	432	432	0					54.520	234		
Bánhida Erőmű Kft.	2800 Tatabánya, Környei út 38.	Subsidiary	Voting right	Full	1,971	1,489	-482					100.000	1,489		
HUPX Zrt.*	1027 Budapest, Medve u. 25-29.	Associated	Voting right	Equity		15	15							100.000	20
Niker d.o.o.	Rovinj Croatia	Associated	Voting right	Equity	7	8	1	100.000	1						
Subsidiaries					**367,676**	**369,501**	**1,825**	**~**	**303,137**	**~**	**1**	**~**	**2,197**	**~**	**20**
EKS Service Kft.	1158 Bp. Késmárk u. 24-28.	Associated	Voting right	Equity	227	227	0	50.000	62						
Jointly managed companies								**~**	**62**	**~**	**0**	**~**	**0**	**~**	**0**
Dunamenti Erőmű Zrt.	2440 Százhalombatta, Erőmű u. 2.	Associated	Voting right	Equity	49,603	43,507	-6,096	25.000	8,386						
Mátrai Erőmű Zrt.	3272 Visonta, Erőmű út 11.	Associated	Voting right	Equity	46,504	50,813	4,309	25.510	8,345						
ER-EF Erőmű Kft.	1126 Budapest, Béla király út 30., Building C	Associated	Voting right	Equity	48	49	1	45.000	1						
Harkányi Gyógyfürdő Kht.	7815 Harkány, Zsigmondy sétány 1.	Associated	Voting right	Equity	2,022	2,034	12	20.000	100	20.000	100				
MM Energy Corporate Finance Beratungs GmbH*	Vienna, Austria	Associated	Voting right	Equity		25	25	40.000	11						
Associated companies								**~**	**16,843**	**~**	**100**	**~**	**0**	**~**	**0**
TOTAL								**~**	**320,042**	**~**	**306**		**2,197**	**~**	**20**

* associated in the subject year

Appendix A.3.

Assets Side of the Cumulative Balance Sheet of the Group

(2007, figures in HUF M)

Balance-sheet items		Balance sheets prepared for consolidation of the parent company and subsidiaries fully integrated into the Group, aggregated by divisions					Total
Item	Description	Holding Centre	Commercial Division	Services Division	TSO	Generation Division	
A.	**FIXED ASSETS**	**374,793**	**925**	**10,062**	**280,789**	**178,117**	**844,686**
I.	**INTANGIBLE ASSETS**	**722**	**843**	**4,063**	**2,404**	**5,442**	**13,474**
1.	Capitalised value of foundation and reorganisation	284	0	0	15	0	299
2.	Capitalised value of experimental development	0	0	0	0	231	231
3.	Rights of pecuniary value	435	768	4,022	34	448	5,707
4.	Intellectual property	1	75	41	2,311	4,763	7,191
5.	Goodwill	0	0	0	0	0	0
6.	Advances	0	0	0	0	0	0
7.	Value adjustment of intangible assets	2	0	0	44	0	46
II.	**TANGIBLE ASSETS**	**27,446**	**71**	**5,933**	**278,364**	**167,867**	**479,681**
1.	Lands, buildings and related rights of pecuniary value	13,145	0	2,588	141,004	46,688	203,425
2.	Technical equipment, machinery and vehicles	10,537	0	1,748	48,065	100,444	160,794
3.	Other equipment, fixtures, fittings and vehicles	356	64	1,351	454	3,022	5,247
4.	Breeding animals	0	0	0	0	0	0
5.	Assets in course of construction	814	7	246	10,752	17,250	29,069
6.	Advances	0	0	0	75	463	538
7.	Value adjustment of tangible assets	2,594	0	0	78,014	0	80,608
III.	**FINANCIAL ASSETS**	**346,625**	**11**	**66**	**21**	**4,808**	**351,531**
1.	Long-term participating interests in affiliated companies	320,041	0	0	20	2,505	322,566
2.	Long-term loans to affiliated companies	26,468	0	0	0	0	26,468
3.	Other long-term participating interests	0	0	0	0	193	193
4.	Long-term loans to companies linked by other participating interests	0	0	0	0	0	0
5.	Other long-term loans	56	11	66	1	2,040	2,174
6.	Long-term debt securities	60	0	0	0	70	130
7.	Value adjustment of financial assets	0	0	0	0	0	0
8.	Valuation difference on financial assets	0	0	0	0	0	0

Balance-sheet items		Balance sheets prepared for consolidation of the parent company and subsidiaries fully integrated into the Group, aggregated by divisions					Total
Item	Description	Holding Centre	Commercial Division	Services Division	TSO	Generation Division	
B.	**CURRENT ASSETS**	**79,786**	**73,401**	**16,340**	**66,648**	**72,823**	**308,998**
I.	**INVENTORIES**	**21**	**0**	**952**	**45**	**52,939**	**53,957**
1.	Materials	18	0	302	45	47,354	47,719
2.	Work in progress	0	0	255	0	5,329	5,584
3.	Young animals, fatstocks and other animals	0	0	0	0	0	0
4.	Finished products	0	0	0	0	0	0
5.	Goods	3	0	392	0	192	587
6.	Advances	0	0	3	0	64	67
II.	**RECEIVABLES**	**41,438**	**72,792**	**15,295**	**20,309**	**17,218**	**167,052**
1.	Trade debtors	136	29,796	3,314	17,447	4,384	55,077
2.	Receivables from affiliated companies	29,702	39,501	11,836	2,703	10,321	94,063
3.	Receivables from companies linked by other participating interests	0	0	0	0	78	78
4.	Bills receivable	0	0	0	0	0	0
5.	Other receivables	11,600	3,495	145	159	2,435	17,834
6.	Valuation difference on receivables	0	0	0	0	0	0
7.	Positive valuation difference on derivative transactions	0	0	0	0	0	0
III.	**SECURITIES**	**44**	**0**	**0**	**0**	**0**	**44**
1.	Participating interests in affiliated companies	0	0	0	0	0	0
2.	Other participating interests	7	0	0	0	0	7
3.	Own shares and partnership shares	0	0	0	0	0	0
4.	Debt securities held for trading	37	0	0	0	0	37
5.	Valuation difference on securities	0	0	0	0	0	0
IV.	**LIQUID ASSETS**	**38,283**	**609**	**93**	**46,294**	**2,666**	**87,945**
1.	Cash, cheques	2	1	7	1	7	18
2.	Bank deposits	38,281	608	86	46,293	2,659	87,927
C.	**PREPAID EXPENSES AND ACCRUED INCOME**	**1,526**	**1,828**	**235**	**4,009**	**11,017**	**18,615**
1.	Accrued income	324	1,758	119	395	10,717	13,313
2.	Prepaid costs and expenses	1,202	70	116	3,614	300	5,302
3.	Expenses deferred by more than one year	0	0	0	0	0	0
	TOTAL ASSETS	**456,105**	**76,154**	**26,637**	**351,446**	**261,957**	**1,172,299**

Appendix A.3. a)

Assets Side of the Cumulative Balance Sheet of the Group

(2007, figures in HUF M)

Balance-sheet items		Balance sheets prepared for consolidation of the parent company and subsidiaries fully integrated into the Group											
Item	Description	Holding Centre	Commercial Division			Total	Services Division						Total
		MVM	MVM Trade	MVM Partner	MVM Adwest		Ovit	Erbe	Villkesz	MVM Kontó	MVMI	Energo-Merkur	
A.	**FIXED ASSETS**	**374,793**	**862**	**50**	**13**	**925**	**4,075**	**227**	**726**	**8**	**5,018**	**8**	**10,062**
I.	**INTANGIBLE ASSETS**	**722**	**806**	**37**	**0**	**843**	**29**	**2**	**0**	**1**	**4,031**	**0**	**4,063**
1.	Capitalised value of foundation and reorganisation	284				0							0
2.	Capitalised value of experimental development					0							0
3.	Rights of pecuniary value	435	761	7		768	17	1		1	4,003		4,022
4.	Intellectual property	1	45	30		75	12	1			28		41
5.	Goodwill					0							0
6.	Advances					0							0
7.	Value adjustment of intangible assets	2				0							0
II.	**TANGIBLE ASSETS**	**27,446**	**55**	**3**	**13**	**71**	**3,990**	**217**	**726**	**6**	**986**	**8**	**5,933**
1.	Lands, buildings and related rights of pecuniary value	13,145				0	1,893	124	565		6		2,588
2.	Technical equipment, machinery and vehicles	10,537				0	1,644	61	39	1		3	1,748
3.	Other equipment, fixtures, fittings and vehicles	356	48	3	13	64	408	32	57	5	844	5	1,351
4.	Breeding animals					0							0
5.	Assets in course of construction	814	7			7	45		65		136		246
6.	Advances					0							0
7.	Value adjustment of tangible assets	2,594				0							0
III.	**FINANCIAL ASSETS**	**346,625**	**1**	**10**	**0**	**11**	**56**	**8**	**0**	**1**	**1**	**0**	**66**
1.	Long-term participating interests in affiliated companies	320,041				0							0
2.	Long-term loans to affiliated companies	26,468				0							0
3.	Other long-term participating interests					0							0
4.	Long-term loans to companies linked by other participating interests					0							0
5.	Other long-term loans	56	1	10		11	56	8		1	1		66
6.	Long-term debt securities	60				0							0
7.	Value adjustment of financial assets					0							0
8.	Valuation difference on financial assets					0							0

Balance-sheet items		Balance sheets prepared for consolidation of the parent company and subsidiaries fully integrated into the Group											
Item	Description	Holding Centre	Commercial Division			Total	Services Division						Total
		MVM	MVM Trade	MVM Partner	MVM Adwest		Ovit	Erbe	Villkesz	MVM Kontó	MVMI	Energo-Merkur	
B.	**CURRENT ASSETS**	**79,786**	**64,777**	**6,681**	**1,943**	**73,401**	**11,727**	**1,908**	**934**	**379**	**1,239**	**153**	**16,340**
I.	**INVENTORIES**	**21**	**0**	**0**	**0**	**0**	**843**	**2**	**39**	**3**	**0**	**65**	**952**
1.	Materials	18				0	292	2	8				302
2.	Work in progress					0	252			3			255
3.	Young animals, fatstocks and other animals					0							0
4.	Finished products					0							0
5.	Goods	3				0	299		28			65	392
6.	Advances					0			3				3
II.	**RECEIVABLES**	**41,438**	**64,775**	**6,679**	**1,338**	**72,792**	**10,807**	**1,900**	**888**	**376**	**1,237**	**87**	**15,295**
1.	Trade debtors	136	25,230	3,724	842	29,796	3,124	90	61			39	3,314
2.	Receivables from affiliated companies	29,702	36,305	2,897	299	39,501	7,601	1,773	810	373	1,235	44	11,836
3.	Receivables from companies linked by other participating interests					0							0
4.	Bills receivable					0							0
5.	Other receivables	11,600	3,240	58	197	3,495	82	37	17	3	2	4	145
6.	Valuation difference on receivables					0							0
7.	Positive valuation difference on derivative transactions					0							0
III.	**SECURITIES**	**44**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1.	Participating interests in affiliated companies					0							0
2.	Other participating interests	7				0							0
3.	Own shares and partnership shares					0							0
4.	Debt securities held for trading	37				0							0
5.	Valuation difference on securities					0							0
IV.	**LIQUID ASSETS**	**38,283**	**2**	**2**	**605**	**609**	**77**	**6**	**7**	**0**	**2**	**1**	**93**
1.	Cash, cheques	2			1	1	3	2	1			1	7
2.	Bank deposits	38,281	2	2	604	608	74	4	6		2		86
C.	**PREPAID EXPENSES AND ACCRUED INCOME**	**1,526**	**1,749**	**77**	**2**	**1,828**	**38**	**27**	**37**	**7**	**125**	**1**	**235**
1.	Accrued income	324	1,742	16		1,758	1	19	33	2	64		119
2.	Prepaid costs and expenses	1,202	7	61	2	70	37	8	4	5	61	1	116
3.	Expenses deferred by more than one year					0							0
	TOTAL ASSETS	**456,105**	**67,388**	**6,808**	**1,958**	**76,154**	**15,840**	**2,162**	**1,697**	**394**	**6,382**	**162**	**26,637**

Appendix A.3. b)

Assets Side of the Cumulative Balance Sheet of the Group

(2007, figures in HUF M)

Balance-sheet items		Balance sheets prepared for consolidation of the parent company and subsidiaries fully integrated into the Group											
Item	Description	TSO	Generation Division										Total
		Mavir	Paksi Atomerőmű	Atomix	Vértesi Erőmű	Bánhida Erőmű	Hotel Aranyhíd	Hotel Vértes	Gter	Tatabánya Erőmű	Mifű	MVM Észak-Buda Projekt	
A.	**FIXED ASSETS**	**280,789**	**111,274**	**91**	**26,986**	**2,149**	**677**	**859**	**22**	**6,196**	**15,754**	**14,109**	**178,117**
I.	**INTANGIBLE ASSETS**	**2,404**	**5,176**	**0**	**263**	**0**	**0**	**0**	**1**	**2**	**0**	**0**	**5,442**
1.	Capitalised value of foundation and reorganisation	15											0
2.	Capitalised value of experimental development		230		1								231
3.	Rights of pecuniary value	34	445		3								448
4.	Intellectual property	2,311	4,501		259				1	2			4,763
5.	Goodwill												0
6.	Advances												0
7.	Value adjustment of intangible assets	44											0
II.	**TANGIBLE ASSETS**	**278,364**	**103,797**	**91**	**24,375**	**2,149**	**677**	**859**	**21**	**6,123**	**15,666**	**14,109**	**167,867**
1.	Lands, buildings and related rights of pecuniary value	141,004	27,552	20	8,739	1,620	627	828		1,078	3,547	2,677	46,688
2.	Technical equipment, machinery and vehicles	48,065	64,701	35	14,927	514	15	17	1	4,998	12,119	3,117	100,444
3.	Other equipment, fixtures, fittings and vehicles	454	2,551	36	228	9	35	14	20	47		82	3,022
4.	Breeding animals												0
5.	Assets in course of construction	10,752	8,678		401	6						8,165	17,250
6.	Advances	75	315		80							68	463
7.	Value adjustment of tangible assets	78,014											0
III.	**FINANCIAL ASSETS**	**21**	**2,301**	**0**	**2,348**	**0**	**0**	**0**	**0**	**71**	**88**	**0**	**4,808**
1.	Long-term participating interests in affiliated companies	20	307		2,198								2,505
2.	Long-term loans to affiliated companies												0
3.	Other long-term participating interests		59		134								193
4.	Long-term loans to companies linked by other participating interests												0
5.	Other long-term loans	1	1,935		16					1	88		2,040
6.	Long-term debt securities									70			70
7.	Value adjustment of financial assets												0
8.	Valuation difference on financial assets												0

Balance-sheet items		Balance sheets prepared for consolidation of the parent company and subsidiaries fully integrated into the Group											
Item	Description	TSO	Generation Division										Total
		Mavir	Paksi Atomerőmű	Atomix	Vértesi Erőmű	Bánhida Erőmű	Hotel Aranyhíd	Hotel Vértes	Gter	Tatabánya Erőmű	Mifű	MVM Észak-Buda Projekt	
B.	**CURRENT ASSETS**	**66,648**	**55,410**	**558**	**9,680**	**66**	**8**	**32**	**1,893**	**2,255**	**1,537**	**1,384**	**72,823**
I.	**INVENTORIES**	**45**	**45,422**	**37**	**6,420**	**38**	**1**	**4**	**555**	**452**	**0**	**10**	**52,939**
1.	Materials	45	45,222	9	1,070	38	1	1	555	451		7	47,354
2.	Work in progress				5,329								5,329
3.	Young animals, fatstocks and other animals												0
4.	Finished products												0
5.	Goods		163	14	11			3		1			192
6.	Advances		37	14	10							3	64
II.	**RECEIVABLES**	**20,309**	**8,285**	**520**	**3,231**	**22**	**6**	**16**	**1,337**	**1,045**	**1,536**	**1,220**	**17,218**
1.	Trade debtors	17,447	114	14	2,050		4	5		968	309	920	4,384
2.	Receivables from affiliated companies	2,703	7,722	467	788	6		11	1,325			2	10,321
3.	Receivables from companies linked by other participating interests				78								78
4.	Bills receivable												0
5.	Other receivables	159	449	39	315	16	2		12	77	1,227	298	2,435
6.	Valuation difference on receivables												0
7.	Positive valuation difference on derivative transactions												0
III.	**SECURITIES**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1.	Participating interests in affiliated companies												0
2.	Other participating interests												0
3.	Own shares and partnership shares												0
4.	Debt securities held for trading												0
5.	Valuation difference on securities												0
IV.	**LIQUID ASSETS**	**46,294**	**1,703**	**1**	**29**	**6**	**1**	**12**	**1**	**758**	**1**	**154**	**2,666**
1.	Cash, cheques	1	4		1			2					7
2.	Bank deposits	46,293	1,699	1	28	6	1	10	1	758	1	154	2,659
C.	**PREPAID EXPENSES AND ACCRUED INCOME**	**4,009**	**9,181**	**1**	**962**	**0**	**0**	**9**	**2**	**2**	**860**	**0**	**11,017**
1.	Accrued income	395	8,976		912			8	1	1	819		10,717
2.	Prepaid costs and expenses	3,614	205	1	50			1	1	1	41		300
3.	Expenses deferred by more than one year												0
	TOTAL ASSETS	**351,446**	**175,865**	**650**	**37,628**	**2,215**	**685**	**900**	**1,917**	**8,453**	**18,151**	**15,493**	**261,957**

Appendix A.4.

Equity and Liabilities Side of the Cumulative Balance Sheet of the Group

(2007,figures in HUF M)

Balance-sheet items		Balance sheets prepared for consolidation of the parent company and subsidiaries fully integrated into the Group, aggregated by divisions					Total
Item	Description	Holding Centre	Commercial Division	Services Division	TSO	Generation Division	
D.	**SHAREHOLDERS' EQUITY**	**361,285**	**11,709**	**11,825**	**219,859**	**154,687**	**759,365**
I.	ISSUED CAPITAL	200,316	10,676	10,124	141,303	160,462	522,881
	of which: repurchased own ownership shares	0	0	0	0	0	0
II.	ISSUED CAPITAL NOT PAID	0	0	0	0	0	0
III.	CAPITAL RESERVE	31,257	0	131	0	3,472	34,860
IV.	PROFIT AND LOSS RESERVE	94,332	-1,324	1,512	483	-9,473	85,530
V.	FIXED RESERVE	284	0	161	15	231	691
VI.	VALUATION RESERVE	2,596	0	0	78,058	0	80,654
1.	Valuation reserve of value adjustment	2,596	0	0	78,058	0	80,654
2.	Valuation reserve of real valuation	0	0	0	0	0	0
VII.	BALANCE SHEET PROFIT/(-)LOSS	32,500	2,357	-103	0	-5	34,749
E.	**PROVISIONS**	**10,107**	**8,389**	**555**	**1,445**	**21,487**	**41,983**
1.	Provisions for expected liabilities	7,257	6,667	522	1,045	16,969	32,460
2.	Provisions for future costs	2,850	1,722	32	400	4,518	9,522
3.	Other provisions	0	0	1	0	0	1
F.	**LIABILITIES**	**82,813**	**42,541**	**13,996**	**80,175**	**83,692**	**303,217**
I.	**SUBORDINATED LIABILITIES**	**0**	**0**	**0**	**0**	**0**	**0**
1.	Subordinated liabilities to affiliated companies	0	0	0	0	0	0
2.	Subordinated liabilities to companies linked by other participating interests	0	0	0	0	0	0
3.	Subordinated liabilities to other business enterprises	0	0	0	0	0	0
II.	**LONG-TERM LIABILITIES**	**41,263**	**0**	**197**	**16,468**	**39,817**	**97,745**
1.	Long-term loans	0	0	0	0	0	0
2.	Convertible bonds	0	0	0	0	0	0
3.	Bonded debts	0	0	0	0	0	0
4.	**Capital** investment and development loans	3,261	0	0	0	29,517	32,778
5.	Other long-term bank loans	38,002	0	0	0	2	38,004

Balance-sheet items		Balance sheets prepared for consolidation of the parent company and subsidiaries fully integrated into the Group, aggregated by divisions					Total
Item	Description	Holding Centre	Commercial Division	Services Division	TSO	Generation Division	
6.	Long-term liabilities to affiliated companies	0	0	0	16,468	10,000	26,468
7.	Long-term liabilities to companies linked by other participating interests	0	0	0	0	0	0
8.	Other long-term liabilities	0	0	197	0	298	495
III.	**CURRENT LIABILITIES**	**41,550**	**42,541**	**13,799**	**63,707**	**43,875**	**205,472**
1.	Short-term loans	0	0	0	0	1	1
	of which: convertible bonds	0	0	0	0	0	0
2.	Short-term credits	1,040	105	0	0	3,734	4,879
3.	Advances received from customers	0	260	220	7	1,369	1,856
4.	Trade creditors	755	14,153	7,652	5,993	11,188	39,741
5.	Bills payable	0	0	0	0	0	0
6.	Current liabilities to affiliated companies	38,456	26,268	3,709	16,520	19,574	104,527
7.	Current liabilities to companies linked by other participating interests	0	0	0	0	21	21
8.	Other current liabilities	1,299	1,755	2,218	41,187	7,988	54,447
9.	Valuation difference on liabilities	0	0	0	0	0	0
10.	Negative valuation difference on derivative transactions	0	0	0	0	0	0
G.	**ACCRUED EXPENSES AND DEFERRED INCOME**	**1,900**	**13,515**	**261**	**49,967**	**2,091**	**67,734**
1.	Deferred income	1,182	2,998	24	26,951	12	31,167
2.	Accrued costs and expenses	499	10,517	237	6,149	1,617	19,019
3.	Deferred other and extraordinary income	219	0	0	16,867	462	17,548
	TOTAL EQUITY AND LIABILITIES	**456,105**	**76,154**	**26,637**	**351,446**	**261,957**	**1,172,299**

Appendix A.4. a)

Equity and Liabilities Side of the Cumulative Balance Sheet of the Group

(2007, figures in HUF M)

Balance-sheet items		Balance sheets prepared for consolidation of the parent company and subsidiaries fully integrated into the Group											
Item	Description	Holding Centre	Commercial Division			Total	Services Division						Total
		MVM	MVM Trade	MVM Partner	MVM Adwest		Ovit	Erbe	Villkesz	MVM Kontó	MVMI	Energo-Merkur	
D.	**SHAREHOLDERS' EQUITY**	**361,285**	**10,100**	**996**	**613**	**11,709**	**5,705**	**401**	**647**	**100**	**4,904**	**68**	**11,825**
I.	ISSUED CAPITAL	200,316	10,100	500	76	10,676	4,523	77	580	100	4,822	22	10,124
	of which: repurchased own ownership shares					0							0
II.	ISSUED CAPITAL NOT PAID					0							0
III.	CAPITAL RESERVE	31,257				0	123	8					131
IV.	PROFIT AND LOSS RESERVE	94,332	-2,357	496	537	-1,324	983	316	170		2	41	1,512
V.	FIXED RESERVE	284				0	76				80	5	161
VI.	VALUATION RESERVE	2,596				0							0
1.	Valuation reserve of value adjustment	2,596				0							0
2.	Valuation reserve of real valuation					0							0
VII.	BALANCE SHEET PROFIT/(-)LOSS	32,500	2,357	0		2,357	0		-103				-103
E.	**PROVISIONS**	**10,107**	**8,382**	**0**	**7**	**8,389**	**358**	**134**	**63**	**0**	**0**	**0**	**555**
1.	Provisions for expected liabilities	7,257	6,660		7	6,667	325	134	63				522
2.	Provisions for future costs	2,850	1,722			1,722	32						32
3.	Other provisions					0	1						1
F.	**LIABILITIES**	**82,813**	**35,484**	**5,726**	**1,331**	**42,541**	**9,715**	**1,591**	**950**	**258**	**1,392**	**90**	**13,996**
I.	**SUBORDINATED LIABILITIES**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1.	Subordinated liabilities to affiliated companies					0							0
2.	Subordinated liabilities to companies linked by other participating interests					0							0
3.	Subordinated liabilities to other business enterprises					0							0
II.	**LONG-TERM LIABILITIES**	**41,263**	**0**	**0**	**0**	**0**	**196**	**0**	**1**	**0**	**0**	**0**	**197**
1.	Long-term loans					0							0
2.	Convertible bonds					0							0
3.	Bonded debts					0							0
4.	**Capital** investment and development loans	3,261				0							0
5.	Other long-term bank loans	38,002				0							0

Balance-sheet items		Balance sheets prepared for consolidation of the parent company and subsidiaries fully integrated into the Group											
Item	Description	Holding Centre	Commercial Division			Total	Services Division						Total
		MVM	MVM Trade	MVM Partner	MVM Adwest		Ovit	Erbe	Villkesz	MVM Kontó	MVMI	Energo-Merkur	
6.	Long-term liabilities to affiliated companies					0							0
7.	Long-term liabilities to companies linked by other participating interests					0							0
8.	Other long-term liabilities					0	196		1				197
III.	**CURRENT LIABILITIES**	**41,550**	**35,484**	**5,726**	**1,331**	**42,541**	**9,519**	**1,591**	**949**	**258**	**1,392**	**90**	**13,799**
1.	Short-term loans					0							0
	of which: convertible bonds					0							0
2.	Short-term bank loans	1,040			105	105							0
3.	Advances received from customers			238	22	260	218				2		220
4.	Trade creditors	755	12,444	970	739	14,153	5,436	1,185	248	3	776	4	7,652
5.	Bills payable					0							0
6.	Current liabilities to affiliated companies	38,456	21638	4,287	343	26,268	2,435	87	475	196	439	77	3,709
7.	Current liabilities to companies linked by other participating interests					0							0
8.	Other current liabilities	1,299	1,402	231	122	1,755	1,430	319	226	59	175	9	2,218
9.	Valuation difference on liabilities					0							0
10.	Negative valuation difference on derivative transactions					0							0
G.	**ACCRUED EXPENSES AND DEFERRED INCOME**	**1,900**	**13,422**	**86**	**7**	**13,515**	**62**	**36**	**37**	**36**	**86**	**4**	**261**
1.	Deferred income	1,182	2,998			2,998					24		24
2.	Accrued costs and expenses	499	10,424	86	7	10,517	62	36	37	36	62	4	237
3.	Deferred other and extraordinary income	219				0							0
	TOTAL EQUITY AND LIABILITIES	**456,105**	**67,388**	**6,808**	**1,958**	**76,154**	**15,840**	**2,162**	**1,697**	**394**	**6,382**	**162**	**26,637**

Appendix A.4. b)

Equity and Liabilities Side of the Cumulative Balance Sheet of the Group

(2007, figures in HUF M)

Balance-sheet items		Balance sheets prepared for consolidation of the parent company and subsidiaries fully integrated into the Group											
Item	Division	TSO	Production Division										Total
		Mavir	Paksi Atomerőmű	Atomix	Vértesi Erőmű	Bánhida Erőmű	Hotel Aranyhíd	Hotel Vértes	Gter	Tatabánya Erőmű	Mifű	MVM Észak-Buda Projekt	
D.	**SHAREHOLDERS' EQUITY**	**219,859**	**129,597**	**194**	**9,650**	**1,489**	**432**	**527**	**147**	**3,695**	**5,428**	**3,528**	**154,687**
I.	ISSUED CAPITAL	141,303	126,599	200	18,179	2,053	430	580	50	3,576	5,092	3,703	160,462
	of which: repurchased own ownership shares												0
II.	ISSUED CAPITAL NOT PAID												0
III.	CAPITAL RESERVE		2,768		704								3,472
IV.	PROFIT AND LOSS RESERVE	483	-3,912	-18	-5,932	-83	2	-54	97	119	336	-28	-9,473
V.	FIXED RESERVE	15	230		1								231
VI.	VALUATION RESERVE	78,058											0
1.	Valuation reserve of value adjustment	78,058											0
2.	Valuation reserve of real valuation												0
VII.	BALANCE SHEET PROFIT/(-)LOSS	0	3,912	12	-3,302	-481		1				-147	-5
E.	**PROVISIONS**	**1,445**	**12,916**	**0**	**7,146**	**418**	**0**	**0**	**36**	**891**	**80**	**0**	**21,487**
1.	Provisions for expected liabilities	1,045	8,398		7,146	418			36	891	80		16,969
2.	Provisions for future costs	400	4,518										4,518
3.	Other provisions												0
F.	**LIABILITIES**	**80,175**	**33,153**	**455**	**20,294**	**304**	**252**	**207**	**1,724**	**3,761**	**11,724**	**11,818**	**83,692**
I.	**POSTPONED LIABILITIES**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1.	Subordinated liabilities to affiliated companies												0
2.	Subordinated liabilities to companies linked by other participating interests												0
3.	Subordinated liabilities to other business enterprises												0
II.	**LONG-TERM LIABILITIES**	**16,468**	**10,000**	**0**	**9,094**	**0**	**169**	**145**	**0**	**1,533**	**8,972**	**9,904**	**39,817**
1.	Long-term loans												0
2.	Convertible bonds												0
3.	Bonded debts												0
4.	**Capital** investment and development loans				8,796		167	145		1,533	8,972	9,904	29,517
5.	Other long-term bank loans						2						2

Balance-sheet items		Balance sheets prepared for consolidation of the parent company and subsidiaries fully integrated into the Group											
Item	Division	TSO	Production Division										Total
		Mavir	Paksi Atomerőmű	Atomix	Vértesi Erőmű	Bánhida Erőmű	Hotel Aranyhíd	Hotel Vértes	Gter	Tatabánya Erőmű	Mifű	MVM Észak-Buda Projekt	
6.	Long-term liabilities to affiliated companies	16,468	10,000										10,000
7.	Long-term liabilities to companies linked by other participating interests												0
8.	Other long-term liabilities				298								298
III.	**CURRENT LIABILITIES**	**63,707**	**23,153**	**455**	**11,200**	**304**	**83**	**62**	**1,724**	**2,228**	**2,752**	**1,914**	**43,875**
1.	Short-term loans							1					1
	of which: convertible bonds												0
2.	Short-term bank loans				1,466		43	19		702	1,189	315	3,734
3.	Advances received from customers	7	21		1,347			1					1,369
4.	Trade creditors	5,993	5,782	17	1,935	1	1	6	74	1,179	668	1,525	11,188
5.	Bills payable												0
6.	Current liabilities to affiliated companies	16,520	11763	208	4,746	256	32	25	1,553	145	816	30	19,574
7.	Current liabilities to companies linked by other participating interests		16		5								21
8.	Other current liabilities	41,187	5,571	230	1,701	47	7	10	97	202	79	44	7,988
9.	Valuation difference on liabilities												0
10.	Negative valuation difference on derivative transactions												0
G.	**ACCRUED EXPENSES AND DEFERRED INCOME**	**49,967**	**199**	**1**	**538**	**4**	**1**	**166**	**10**	**106**	**919**	**147**	**2,091**
1.	Deferred income	26,951	6							6			12
2.	Accrued costs and expenses	6,149	188	1	239	4	1	9	10	99	919	147	1,617
3.	Deferred other and extraordinary income	16,867	5		299			157		1			462
	TOTAL EQUITY AND LIABILITIES	**351,446**	**175,865**	**650**	**37,628**	**2,215**	**685**	**900**	**1,917**	**8,453**	**18,151**	**15,493**	**261,957**

Appendix A.5.

Cumulative Profit and Loss Account of the Group

(2007, figures in HUF M)

Profit and loss account items		Profit and loss accounts prepared for consolidation of the parent company and subsidiaries fully integrated into the Group					Total
Item	Description	Holding Centre	Commercial Division	Services Division	TSO	Generation Division	
01.	Net domestic sales	14,302	518,584	46,278	92,085	185,738	856,987
02.	Net export sales	34	21,210	2,450	147	34	23,875
I.	**NET SALES**	**14,336**	**539,794**	**48,728**	**92,232**	**185,772**	**880,862**
03.	Change in inventories of own production	0	0	-824	0	45	-779
04.	Own work capitalised	0	0	89	0	3,175	3,264
II.	**OWN PERFORMANCE CAPITALISED**	**0**	**0**	**-735**	**0**	**3,220**	**2,485**
III.	**OTHER INCOME**	**1,842**	**398**	**392**	**49,367**	**15,457**	**67,456**
	of which: reversed loss in value	0	0	3	0	0	3
05.	Cost of raw materials and consumables	168	23	8,665	7,084	38,747	54,687
06.	Services consumed	4,380	942	7,052	10,652	37,751	60,777
07.	Other services consumed	165	241	189	441	2,608	3,644
08.	Cost of goods sold	7	515,024	3,957	11,326	582	530,896
09.	Cost of services sold (intermediated)	622	6	12,391	28,226	2,629	43,874
IV.	**MATERIAL-TYPE COSTS**	**5,342**	**516,236**	**32,254**	**57,729**	**82,317**	**693,878**
10.	Wages and salaries	1,440	668	7,768	3,528	24,884	38,288
11.	Employee benefits	589	209	1,745	1,646	7,521	11,710
12.	Contributions on wages and salaries	561	238	2,839	1,506	9,255	14,399
V.	**STAFF COSTS**	**2,590**	**1,115**	**12,352**	**6,680**	**41,660**	**64,397**
VI.	**DEPRECIATION CHARGE**	**4,233**	**185**	**1,470**	**14,033**	**18,417**	**38,338**
VII.	**OTHER EXPENSES**	**2,745**	**5,803**	**1,557**	**52,080**	**63,826**	**126,011**
	of which: loss in value	21	0	96	813	4,581	5,511
A.	**TRADING PROFIT/(-)LOSS**	**1,268**	**16,853**	**752**	**11,077**	**-1,771**	**28,179**
13.	Dividends and profit-sharing received (due)	30,176	0	0	0	4	30,180
	of which: from affiliated companies	30,170	0	0	0	0	30,170
14.	Transaction exchange gain on the sale of participating interests	0	0	0	0	0	0
	of which: from affiliated companies	0	0	0	0	0	0

Profit and loss account items		Profit and loss accounts prepared for consolidation of the parent company and subsidiaries fully integrated into the Group					Total
Item	Description	Holding Centre	Commercial Division	Services Division	TSO	Generation Division	
15.	Interest and transaction exchange gain on financial assets	474	0	0	0	79	553
	of which: from affiliated companies	255	0	0	0	0	255
16.	Other interest and interest-type income received	2,207	1,063	27	1,288	173	4,758
	of which: from affiliated companies	1,807	1,054	25	6	29	2,921
17.	Other income from financial transactions	1,434	929	73	629	250	3,315
	of which: valuation difference	0	0	0	0	0	0
VIII.	**INCOME FROM FINANCIAL TRANSACTIONS**	**34,291**	**1,992**	**100**	**1,917**	**506**	**38,806**
18.	Transaction exchange loss on financial assets	0	0	0	0	0	0
	of which: to affiliated companies	0	0	0	0	0	0
19.	Interest and interest-type expenses payable	2,546	241	329	2,108	3,206	8,430
	of which: to affiliated companies	1,099	239	297	211	1,233	3,079
20.	Loss in value of participating interests, securities and bank deposits	671	0	0	0	564	1,235
21.	Other expenses on financial transactions	331	1,005	42	364	531	2,273
	of which: valuation difference	0	0	0	0	0	0
IX.	**EXPENSES ON FINANCIAL TRANSACTIONS**	**3,548**	**1,246**	**371**	**2,472**	**4,301**	**11,938**
B.	**PROFIT/(-)LOSS ON FINANCIAL TRANSACTIONS**	**30,743**	**746**	**-271**	**-555**	**-3,795**	**26,868**
C.	**PROFIT/(-)LOSS ON ORDINARY ACTIVITIES**	**32,011**	**17,599**	**481**	**10,522**	**-5,566**	**55,047**
X.	**EXTRAORDINARY INCOME**	**3,692**	**0**	**4**	**171**	**10,426**	**14,293**
XI.	**EXTRAORDINARY EXPENSES**	**2,051**	**0**	**4**	**139**	**198**	**2,392**
D.	**EXTRAORDINARY PROFIT/(-)LOSS**	**1,641**	**0**	**0**	**32**	**10,228**	**11,901**
E.	**PROFIT/(-)LOSS BEFORE TAX**	**33,652**	**17,599**	**481**	**10,554**	**4,662**	**66,948**
XII.	**TAX LIABILITY**	**150**	**4,127**	**106**	**1,754**	**441**	**6,578**
F.	**PROFIT/(-)LOSS AFTER TAX**	**33,502**	**13,472**	**375**	**8,800**	**4,221**	**60,370**
22.	Use of profit and loss reserve for dividends	0	0	0	0	0	0
23.	Dividends and profit-sharing paid (approved)	1,002	11,115	478	8,800	4,226	25,621
G.	**BALANCE SHEET PROFIT/(-)LOSS**	**32,500**	**2,357**	**-103**	**0**	**-5**	**34,749**

Appendix A.5. a)

Cumulative Profit and Loss Account of the Group

(2007, figures in HUF M)

Profit and loss account items		Profit and loss accounts prepared for consolidation of the parent company and subsidiaries fully integrated into the Group											
Item	Description	Holding Centre	Commercial Division			Total	Services Division						Total
		MVM	MVM Trade	MVM Partner	MVM Adwest		Ovit	Erbe	Villkesz	MVM Kontó	MVMI	Energo-Merkur	
01.	Net domestic sales	14,302	488,560	27,928	2,096	518,584	32,495	4,132	4,221	945	3,985	500	46,278
02.	Net export sales	34	5,649	2,348	13,213	21,210	2,355	92				3	2,450
I.	**NET SALES**	**14,336**	**494,209**	**30,276**	**15,309**	**539,794**	**34,850**	**4,224**	**4,221**	**945**	**3,985**	**503**	**48,728**
03.	Change in inventories of own production					0	-793	-34		3			-824
04.	Own work capitalised					0		34	34		21		89
II.	**OWN PERFORMANCE CAPITALISED**	**0**	**0**	**0**	**0**	**0**	**-793**	**0**	**34**	**3**	**21**	**0**	**-735**
III.	**OTHER INCOME**	**1,842**	**397**	**1**		**398**	**273**	**12**	**32**	**11**	**62**	**2**	**392**
	of which: reversed loss in value					0			2			1	3
05.	Cost of raw materials and consumables	168	11	12		23	8,276	54	297	14	18	6	8,665
06.	Services consumed	4,380	589	267	86	942	3,199	1,134	530	173	1,996	20	7,052
07.	Other services consumed	165	208	6	27	241	161	9	13	2	2	2	189
08.	Cost of goods sold	7	473,011	26,976	15,037	515,024	2,764	757	20		67	349	3,957
09.	Cost of services sold (intermediated)	622		6		6	11,388	23	978		2		12,391
IV.	**MATERIAL-TYPE COSTS**	**5,342**	**473,819**	**27,267**	**15,150**	**516,236**	**25,788**	**1,977**	**1,838**	**189**	**2,085**	**377**	**32,254**
10.	Wages and salaries	1,440	409	152	107	668	4,076	1,198	1,463	372	621	38	7,768
11.	Employee benefits	589	135	68	6	209	1,059	255	247	63	119	2	1,745
12.	Contributions on wages and salaries	561	151	61	26	238	1,502	443	528	127	226	13	2,839
V.	**STAFF COSTS**	**2,590**	**695**	**281**	**139**	**1,115**	**6,637**	**1,896**	**2,238**	**562**	**966**	**53**	**12,352**
VI.	**DEPRECIATION CHARGE**	**4,233**	**168**	**7**	**10**	**185**	**529**	**44**	**58**	**3**	**833**	**3**	**1,470**
VII.	**OTHER EXPENSES**	**2,745**	**5,603**	**200**		**5,803**	**908**	**262**	**234**	**22**	**122**	**9**	**1,557**
	of which: loss in value	**21**				**0**	**57**	**30**	**1**		**3**	**5**	**96**
A.	**TRADING PROFIT/(-)LOSS**	**1,268**	**14,321**	**2,522**	**10**	**16,853**	**468**	**57**	**-81**	**183**	**62**	**63**	**752**
13.	Dividends and profit-sharing received (due)	30,176				0							0
	of which: from affiliated companies	30,170				0							0
14.	Transaction exchange gain on the sale of participating interests					0							0
	of which: from affiliated companies					0							0

Profit and loss account items		Profit and loss accounts prepared for consolidation of the parent company and subsidiaries fully integrated into the Group											
Item	Description	Holding Centre	Commercial Division			Total	Services Division						Total
		MVM	MVM Trade	MVM Partner	MVM Adwest		Ovit	Erbe	Villkesz	MVM Kontó	MVMI	Energo-Merkur	
15.	Interest and transaction exchange gain on financial assets	474				0							0
	of which: from affiliated companies	255				0							0
16.	Other interest and interest-type income received	2,207	935	122	6	1,063	8	6		11		2	27
	of which: from affiliated companies	1,807	933	121		1,054	6	6		11		2	25
17.	Other income from financial transactions	1,434	728	201		929	67	3			2	1	73
	of which: valuation difference					0							0
VIII.	**INCOME FROM FINANCIAL TRANSACTIONS**	**34,291**	**1,663**	**323**	**6**	**1,992**	**75**	**9**	**0**	**11**	**2**	**3**	**100**
18.	Transaction exchange loss on financial assets					0							0
	of which: to affiliated companies					0							0
19.	Interest and interest-type expenses payable	2,546	223	16	2	241	259	1	21		45	3	329
	of which: to affiliated companies	1,099	223	16		239	227	1	21		45	3	297
20.	Loss in value of participating interests, securities and bank deposits	671				0							0
21.	Other expenses on financial transactions	331	747	247	11	1,005	41	1					42
	of which: valuation difference					0							0
IX.	**EXPENSES ON FINANCIAL TRANSACTIONS**	**3,548**	**970**	**263**	**13**	**1,246**	**300**	**2**	**21**	**0**	**45**	**3**	**371**
B.	**PROFIT/(-)LOSS ON FINANCIAL TRANSACTIONS**	**30,743**	**693**	**60**	**-7**	**746**	**-225**	**7**	**-21**	**11**	**-43**	**0**	**-271**
C.	**PROFIT/(-)LOSS ON ORDINARY ACTIVITIES**	**32,011**	**15,014**	**2,582**	**3**	**17,599**	**243**	**64**	**-102**	**194**	**19**	**63**	**481**
X.	**EXTRAORDINARY INCOME**	**3,692**				**0**		**2**	**2**				**4**
XI.	**EXTRAORDINARY EXPENSES**	**2,051**				**0**		**1**	**3**				**4**
D.	**EXTRAORDINARY PROFIT/(-)LOSS**	**1,641**	**0**	**0**	**0**	**0**	**0**	**1**	**-1**	**0**	**0**	**0**	**0**
E.	**PROFIT/(-)LOSS BEFORE TAX**	**33,652**	**15,014**	**2,582**	**3**	**17,599**	**243**	**65**	**-103**	**194**	**19**	**63**	**481**
XII.	**TAX LIABILITY**	**150**	**3,637**	**490**		**4,127**	**27**	**30**		**34**	**3**	**12**	**106**
F.	**PROFIT/(-)LOSS AFTER TAX**	**33,502**	**11,377**	**2,092**	**3**	**13,472**	**216**	**35**	**-103**	**160**	**16**	**51**	**375**
22.	Use of profit and loss reserve for dividends					0							0
23.	Dividends and profit-sharing paid (approved)	1,002	9,020	2,092	3	11,115	216	35		160	16	51	478
G.	**BALANCE SHEET PROFIT/(-)LOSS**	**32,500**	**2,357**	**0**	**0**	**2,357**	**0**	**0**	**-103**	**0**	**0**	**0**	**-103**

Appendix A.5. b)

Cumulative Profit and Loss Account of the Group

(2007, figures in HUF M)

Profit and loss account items		Profit and loss accounts prepared for consolidation of the parent company and subsidiaries fully integrated into the Group											
Item	Description	TSO	Generation Division										Total
		Mavir	Paksi Atomerőmű	Atomix	Vértesi Erőmű	Bánhida Erőmű	Hotel Aranyhíd	Hotel Vértes	Gter	Tatabánya Erőmű	Mifű	MVM Észak-Buda Projekt	
01.	Net domestic sales	92,085	133,465	3,374	21,709	1	241	275	10,687	7,401	5,445	3,140	185,738
02.	Net export sales	147	24		10								34
I.	**NET SALES**	**92,232**	**133,489**	**3,374**	**21,719**	**1**	**241**	**275**	**10,687**	**7,401**	**5,445**	**3,140**	**185,772**
03.	Change in inventories of own production		-5		50								45
04.	Own work capitalised		645	10	1,212					1	13	1,294	3,175
II.	**OWN PERFORMANCE CAPITALISED**	**0**	**640**	**10**	**1,262**	**0**	**0**	**0**	**0**	**1**	**13**	**1,294**	**3,220**
III.	**OTHER INCOME**	**49,367**	**5,586**	**11**	**9,818**	**5**	**2**	**2**	**10**	**21**	**2**		**15,457**
	of which- including: recreditedreversed loss in value												0
05.	Cost of raw materials and consumables	7,084	18,661	260	8,149	7	74	82	279	4,703	3,794	2,738	38,747
06.	Services consumed	10,652	23,302	474	2,885	23	21	35	9,408	448	981	174	37,751
07.	Other services consumed	441	2,310	5	196		3	11	26	37	6	14	2,608
08.	Cost of goods sold	11,326	78	38	452		5	7		2			582
09.	Cost of services sold (intermediated)	28,226	607	44	1,563		3	6		1	403	2	2,629
IV.	**MATERIAL-TYPE COSTS**	**57,729**	**44,958**	**821**	**13,245**	**30**	**106**	**141**	**9,713**	**5,191**	**5,184**	**2,928**	**82,317**
10.	Wages and salaries	3,528	15,427	1,654	6,701	6	71	69	301	428	79	148	24,884
11.	Employee benefits	1,646	5,015	189	2,045	1	6	15	97	114	13	26	7,521
12.	Contributions on wages and salaries	1,506	5,754	591	2,521	2	23	25	109	149	28	53	9,255
V.	**STAFF COSTS**	**6,680**	**26,196**	**2,434**	**11,267**	**9**	**100**	**109**	**507**	**691**	**120**	**227**	**41,660**
VI.	**DEPRECIATION CHARGE**	**14,033**	**13,994**	**31**	**3,592**	**1**	**27**	**27**	**7**	**469**	**20**	**249**	**18,417**
VII.	**OTHER EXPENSES**	**52,080**	**44,682**	**77**	**15,876**	**434**	**4**	**8**	**277**	**1,450**	**30**	**988**	**63,826**
	of which: loss in value	813	3,783		647					151			4,581
A.	**TRADING PROFIT/(-)LOSS**	**11,077**	**9,885**	**32**	**-11,181**	**-468**	**6**	**-8**	**193**	**-378**	**106**	**42**	**-1,771**
13.	Dividends and profit-sharing received (due)				4								4
	of which: from affiliated companies												0
14.	Transaction exchange gain on the sale of participating interests												0
	of which: from affiliated companies												0

Profit and loss account items		Profit and loss accounts prepared for consolidation of the parent company and subsidiaries fully integrated into the Group											
Item	Description	TSO	Generation Division										Total
		Mavir	Paksi Atomerőmű	Atomix	Vértesi Erőmű	Bánhida Erőmű	Hotel Aranyhíd	Hotel Vértes	Gter	Tatabánya Erőmű	Mifű	MVM Észak-Buda Projekt	
15.	Interest and transaction exchange gain on financial assets		76				3						79
	of which: from affiliated companies												0
16.	Other interest and interest-type income received	1,288	87	2	22				5	34	8	15	173
	of which: from affiliated companies	6	2	2	20				5				29
17.	Other income from financial transactions	629	123		120			5		1	1		250
	of which: valuation difference												0
VIII.	**INCOME FROM FINANCIAL TRANSACTIONS**	**1,917**	**286**	**2**	**146**	**0**	**3**	**5**	**5**	**35**	**9**	**15**	**506**
18.	Transaction exchange loss on financial assets												0
	of which: to affiliated companies												0
19.	Interests and interest-type expenses payable	2,108	1,594	2	1,105	13	9	8	5	246	28	196	3,206
	of which: to affiliated companies	211	821	2	387	13	3		5	2			1,233
20.	Loss in value of participating interests, securities and bank deposits				564								564
21.	Other expenses on financial transactions	364	299		176					47	1	8	531
	of which: valuation difference												0
IX.	**EXPENSES ON FINANCIAL TRANSACTIONS**	**2,472**	**1,893**	**2**	**1,845**	**13**	**9**	**8**	**5**	**293**	**29**	**204**	**4,301**
B.	**PROFIT/(-)LOSS ON FINANCIAL TRANSACTIONS**	**-555**	**-1,607**	**0**	**-1,699**	**-13**	**-6**	**-3**	**0**	**-258**	**-20**	**-189**	**-3,795**
C.	**PROFIT/(-)LOSS ON ORDINARY ACTIVITIES**	**10,522**	**8,278**	**32**	**-12,880**	**-481**	**0**	**-11**	**193**	**-636**	**86**	**-147**	**-5,566**
X.	**EXTRAORDINARY INCOME**	**171**	**5**		**9,611**			**12**		**798**			**10,426**
XI.	**EXTRAORDINARY EXPENSES**	**139**	**147**	**17**	**33**					**1**			**198**
D.	**EXTRAORDINARY PROFIT/(-)LOSS**	**32**	**-142**	**-17**	**9,578**	**0**	**0**	**12**	**0**	**797**	**0**	**0**	**10,228**
E.	**PROFIT/(-)LOSS BEFORE TAX**	**10,554**	**8,136**	**15**	**-3,302**	**-481**	**0**	**1**	**193**	**161**	**86**	**-147**	**4,662**
XII.	**TAX LIABILITY**	**1,754**	**383**	**3**					**15**	**33**	**7**		**441**
F.	**PROFIT/(-)LOSS AFTER TAX**	**8,800**	**7,753**	**12**	**-3,302**	**-481**	**0**	**1**	**178**	**128**	**79**	**-147**	**4,221**
22.	Use of profit and loss reserve for dividends												0
23.	Dividends and profit-sharing paid (approved)	8,800	3,841						178	128	79		4,226
G.	**BALANCE SHEET PROFIT/(-)LOSS**	**0**	**3,912**	**12**	**-3,302**	**-481**	**0**	**1**	**0**	**0**	**0**	**-147**	**-5**

Appendix A.6. a)

Calculation of the Consolidated Balance Sheet of the Group (Assets)

(2007 – figures in HUF million)

Balance-sheet items		Figures from preliminary balance sheet	Capital consolidation	Debt consolidation	Income/ expenditures	Interim profit/ (-)loss	Total modification	Consolidated figure
Item	Description							
A	**FIXED ASSETS**	**844,686**	**-298,058**	**-26,468**	**-11**	**-21,501**	**-346,038**	**498,648**
I.	**INTANGIBLE ASSETS**	**13,474**	**0**	**0**	**0**	**-1,208**	**-1,208**	**12,266**
1.	Capitalised value of foundation and reorganisation	299					0	299
2.	Capitalised value of experimental development	231					0	231
3.	Rights of pecuniary value	5,707				-1,143	-1,143	4,564
4.	Intellectual property	7,191				-400	-400	6,791
5.	Goodwill	0					0	0
6.	Advances	0					0	0
7.	Value adjustment of intangible assets	46				335	335	381
II.	**TANGIBLE ASSETS**	**479,681**	**0**	**0**	**-11**	**-20,293**	**-20,304**	**459,377**
1.	Lands, buildings and related rights of pecuniary value	203,425				-96,248	-96,248	107,177
2.	Technical equipment, machinery and vehicles	160,794			-11	-17,113	-17,124	143,670
3.	Other equipment, fixtures, fittings and vehicles	5,247				-364	-364	4,883
4.	Breeding animals	0					0	0
5.	Assets in course of construction and refurbishment	29,069				-1,189	-1,189	27,880
6.	Advances	538					0	538
7.	Value adjustment of tangible assets	80,608				94,621	94,621	175,229
III.	**FINANCIAL ASSETS**	**351,531**	**-298,058**	**-26,468**	**0**	**0**	**-324,526**	**27,005**
1.	Long-term participating interests in affiliated companies	322,566	-298,076				-298,076	24,490
2.	Long-term loans to affiliated companies	26,468		-26,468			-26,468	0
3.	Other long-term participating interests	193					0	193
4.	Long-term loans to companies linked by other participating interests	0					0	0
5.	Other long-term loans	2,174					0	2,174
6.	Long-term debt securities	130		,			0	130
7.	Value adjustment of financial assets	0					0	0
8.	Valuation difference on financial assets	0					0	0
9.	Positive consolidation difference		18	0	0	0	18	18
9/a	from subsidiaries		18				18	18
9/b	from associated companies						0	0

Balance-sheet items		Figures from preliminary balance sheet	Capital consolidation	Debt consolidation	Income/ expenditures	Interim profit/ (-)loss	Total modification	Consolidated figure
Item	Description							
B	**CURRENT ASSETS**	**308,998**	**205**	**-93,304**	**0**	**4,799**	**-88,300**	**220,698**
I.	**INVENTORIES**	**53,957**	**0**	**0**	**0**	**1**	**1**	**53,958**
1.	Materials	47,719				1	1	47,720
2.	Work in progress	5,584					0	5,584
3.	Young animals, fatstocks and other animals	0					0	0
4.	Finished products	0				1	1	1
5.	Goods	587				-1	-1	586
6.	Advances	67					0	67
II.	**RECEIVABLES**	**167,052**	**0**	**-93,304**	**0**	**4,798**	**-88,506**	**78,546**
1.	Trade debtors	55,077		-6		7	1	55,078
2.	Receivables from affiliated companies	94,063		-93,298		25	-93,273	790
3.	Receivables from companies linked by other participating interests	78					0	78
4.	Bills receivable	0					0	0
5.	Other receivables	17,834				-33	-33	17,801
6.	Valuation difference on receivables	0					0	0
7.	Positive valuation difference on derivative transactions	0					0	0
8.	Corporate tax claim arising from consolidation					4,799	4,799	4,799
III.	**SECURITIES**	**44**	**205**	**0**	**0**	**0**	**205**	**249**
1.	Participating interests in affiliated companies	0					0	0
2.	Other participating interests	7					0	7
3.	Own shares and partnership shares	0	205				205	205
4.	Debt securities held for trading	37					0	37
5.	Valuation difference on securities	0					0	0
IV.	**LIQUID ASSETS**	**87,945**	**0**	**0**	**0**	**0**	**0**	**87,945**
1.	Cash, cheques	18					0	18
2.	Bank deposits	87,927					0	87,927
C.	**PREPAID EXPENSES AND ACCRUED INCOME**	**18,615**	**0**	**-15,284**	**0**	**-12**	**-15,296**	**3,319**
1.	Accrued income	13,313		-11,718			-11,718	1,595
2.	Prepaid costs and expenses	5,302		-3,566		-12	-3,578	1,724
3.	Expenses deferred by more than one year	0					0	0
	TOTAL ASSETS	**1,172,299**	**-297,853**	**-135,056**	**-11**	**-16,714**	**-449,634**	**722,665**

Appendix A.6. b)

Calculation of the Consolidated Balance Sheet of the Group (Equity and Liabilities)

(2007, figures in HUF M)

Balance-sheet items		Figures from preliminary balance sheet	Capital consolidation	Debt consolidation	Income/ expenditures	Interim profit/ (-)loss	Total modification	Consolidated figure
Item	Description							
D.	**SHAREHOLDERS' EQUITY**	**759,365**	**-307,852**	**0**	**-11**	**-16,598**	**-324,461**	**434,904**
I.	ISSUED CAPITAL	522,881	-322,565				-322,565	200,316
	of which: repurchased own ownership shares	0					0	0
II.	ISSUED CAPITAL NOT PAID	0					0	0
III.	CAPITAL RESERVE	34,860	-3,603				-3,603	31,257
IV.	PROFIT AND LOSS RESERVE	85,530	8,597				8,597	94,127
V.	FIXED RESERVE	691	-122				-122	569
VI.	VALUATION RESERVE	80,654				94,956	94,956	175,610
1.	Valuation reserve of value adjustment	80,654				94,956	94,956	175,610
2.	Valuation reserve of real valuation	0					0	0
VII.	BALANCE SHEET PROFIT/(-)LOSS	34,749	823	0	0	-123	700	35,449
VIII.	CHANGE IN SHAREHOLDERS' EQUITY OF SUBSIDIARIES		-9,427				-9,427	-9,427
IX.	CHANGES DUE TO CONSOLIDATION		17,964	0	-11	-111,397	-93,444	-93,444
1.	From the balance of debt consolidation		-170				-170	-170
2.	From the balance of intermediate profit/(-)loss		10,195		-11	-115,167	-104,983	-104,983
3.	Depreciation of the positive consolidation difference		-49				-49	-49
4.	Valuation of associated investments		7,988				7,988	7,988
5.	Latent tax					3,770	3,770	3,770
X.	PARTICIPATING INTERESTS HELD BY OUTSIDE OWNERS		481			-34	447	447
E.	**PROVISIONS**	**41,983**	**0**	**0**	**0**	**-73**	**-73**	**41,910**
1.	Provisions for expected liabilities	32,460				-73	-73	32,387
2.	Provisions for future costs	9,522					0	9,522
3.	Other provisions	1					0	1
F.	**LIABILITIES**	**303,217**	**9,999**	**-121,497**	**0**	**0**	**-111,498**	**191,719**
I.	**SUBORDINATED LIABILITIES**	**0**	**9,999**	**0**	**0**	**0**	**9,999**	**9,999**
1.	Subordinated liabilities to affiliated companies	0					0	0
2.	Subordinated liabilities to companies linked by other participating interests	0					0	0
3.	Subordinated liabilities to other business enterprises	0					0	0
4.	Negative consolidation difference		9,999				9,999	9,999

Balance-sheet items		Figures from preliminary balance sheet	Capital consolidation	Debt consolidation	Income/ expenditures	Interim profit/ (-)loss	Total modification	Consolidated figure
Item	Description							
II.	**LONG-TERM LIABILITIES**	**97,745**	**0**	**-26,468**	**0**	**0**	**-26,468**	**71,277**
1.	Long-term loans	0					0	0
2.	Convertible bonds	0					0	0
3.	Bonded debts	0					0	0
4.	**Capital** investment and development loans	32,778					0	32,778
5.	Other long-term bank loans	38,004					0	38,004
6.	Long-term liabilities to affiliated companies	26,468		-26,468			-26,468	0
7.	Long-term liabilities to companies linked by other participating interests	0					0	0
8.	Other long-term liabilities	495					0	495
9.	Corporate tax liability arising from consolidation						0	0
III.	**CURRENT LIABILITIES**	**205,472**	**0**	**-95,029**	**0**	**0**	**-95,029**	**110,443**
1.	Short-term loans	1					0	1
	of which: convertible bonds	0					0	0
2.	Short-term bank loans	4,879					0	4,879
3.	Advances received from customers	1,856					0	1,856
4.	Trade creditors	39,741		-78		60	-18	39,723
5.	Bills payable	0					0	0
6.	Current liabilities to affiliated companies	104,527		-92,625		-60	-92,685	11,842
7.	Current liabilities to companies linked by other participating interests	21					0	21
8.	Other current liabilities	54,447		-2,326			-2,326	52,121
9.	Valuation difference on liabilities	0					0	0
10.	Negative valuation difference on derivative transactions	0					0	0
G.	**ACCRUED EXPENSES AND DEFERRED INCOME**	**67,734**	**0**	**-13,559**	**0**	**-43**	**-13,602**	**54,132**
1.	Deferred income	31,167		-2,557		-22	-2,579	28,588
2.	Accrued costs and expenses	19,019		-11,002		32	-10,970	8,049
3.	Deferred other and extraordinary income	17,548				-53	-53	17,495
	TOTAL EQUITY AND LIABILITIES	**1,172,299**	**-297,853**	**-135,056**	**-11**	**-16,714**	**-449,634**	**722,665**

Appendix A.6. c)

Calculation of the Consolidated Profit and Loss Account of the Group

(2007, figures in HUF M)

Profit and loss account items		Figures from preliminary profit and loss account	Capital consolidation	Debt consolidation	Income/ expenditures	Interim profit/ (-)loss	Total modification	Consolidated figure
Item	Description							
01.	Net domestic sales	856,987			-216,326	-33,258	-249,584	607,403
02.	Net export sales	23,875			-3,478		-3,478	20,397
I.	**NET SALES**	**880,862**	**0**	**0**	**-219,804**	**-33,258**	**-253,062**	**627,800**
03.	Change in inventories of own production	-779					0	-779
04.	Own work capitalised	3,264				19,990	19,990	23,254
II.	**OWN PERFORMANCE CAPITALISED**	**2,485**	**0**	**0**	**0**	**19,990**	**19,990**	**22,475**
III.	**OTHER INCOME**	**67,456**			**-7,763**	**-4,887**	**-12,650**	**54,806**
	of which: reversed loss in value	3					0	3
05.	Cost of raw materials and consumables	54,687			-6,876	-10	-6,886	47,801
06.	Services consumed	60,777			-23,031	-9,542	-32,573	28,204
07.	Other services consumed	3,644			-271	-5	-276	3,368
08.	Cost of goods sold	530,896			-166,144	-26	-166,170	364,726
09.	Cost of services sold (intermediated)	43,874			-22,884	-340	-23,224	20,650
IV.	**MATERIAL-TYPE COSTS**	**693,878**	**0**	**0**	**-219,206**	**-9,923**	**-229,129**	**464,749**
10.	Wages and salaries	38,288					0	38,288
11.	Employee benefits	11,710			-560	-8	-568	11,142
12.	Contributions on wages and salaries	14,399					0	14,399
V.	**STAFF COSTS**	**64,397**	**0**	**0**	**-560**	**-8**	**-568**	**63,829**
VI.	**DEPRECIATION CHARGE**	**38,338**	**16**			**-4,787**	**-4,771**	**33,567**
VII.	**OTHER EXPENSES**	**126,011**			**-7,801**	**-3,967**	**-11,768**	**114,243**
	of which: loss in value	5,511				-437	-437	5,074
A.	**TRADING PROFIT/(-)LOSS**	**28,179**	**-16**	**0**	**0**	**530**	**514**	**28,693**
13.	Dividends and profit-sharing received (due)	30,180		-24,617			-24,617	5,563
	of which: from affiliated companies	30,170		-24,617			-24,617	5,553
14.	Transaction exchange gain on the sale of participating interests	0					0	0
	of which: from affiliated companies	0					0	0
15.	Interest and transaction exchange gain on financial assets	553			-255		-255	298
	of which: from affiliated companies	255			-255		-255	0

Profit and loss account items		Figures from preliminary profit and loss account	Capital consolidation	Debt consolidation	Income/ expenditures	Interim profit/ (-)loss	Total modification	Consolidated figure
Item	Description							
16.	Other interest and interest-type income received (due)	4,758			-2,857		-2,857	1,901
	of which: from affiliated companies	2,921			-2,857		-2,857	64
17.	Other income from financial transactions	3,315			1		1	3,316
	of which: valuation difference	0					0	0
VIII.	**INCOME FROM FINANCIAL TRANSACTIONS**	**38,806**	**0**	**-24,617**	**-3,111**	**0**	**-27,728**	**11,078**
18.	Transaction exchange loss on financial assets	0					0	0
	of which: to affiliated companies	0					0	0
19.	Interest and interest-type expenses payable	8,430			-3,111		-3,111	5,319
	of which: to affiliated companies	3,079			-3,079		-3,079	0
20.	Loss in value of participating interests, securities and bank deposits	1,235	-1,235				-1,235	0
21.	Other expenses on financial transactions	2,273	524				524	2,797
	of which: valuation difference	0					0	0
IX.	**EXPENSES ON FINANCIAL TRANSACTIONS**	**11,938**	**-711**	**0**	**-3,111**	**0**	**-3,822**	**8,116**
B.	**PROFIT/(-)LOSS ON FINANCIAL TRANSACTIONS**	**26,868**	**711**	**-24,617**	**0**	**0**	**-23,906**	**2,962**
C.	**PROFIT/(-)LOSS ON ORDINARY ACTIVITIES**	**55,047**	**695**	**-24,617**	**0**	**530**	**-23,392**	**31,655**
X.	**EXTRAORDINARY INCOME**	**14,293**				**-3,692**	**-3,692**	**10,601**
XI.	**EXTRAORDINARY EXPENSES**	**2,392**				**-2,010**	**-2,010**	**382**
D.	**EXTRAORDINARY PROFIT/(-)LOSS**	**11,901**	**0**	**0**	**0**	**-1,682**	**-1,682**	**10,219**
E.	**PROFIT/(-)LOSS BEFORE TAX**	**66,948**	**695**	**-24,617**	**0**	**-1,152**	**-25,074**	**41,874**
XII.	**TAX LIABILITY**	**6,578**					**0**	**6,578**
XII/A.	**LATENT TAX**					**-1,029**	**-1,029**	**-1,029**
F.	**PROFIT/(-)LOSS AFTER TAX**	**60,370**	**695**	**-24,617**	**0**	**-123**	**-24,045**	**36,325**
22.	Use of profit and loss reserve for dividends and profit-sharing	0					0	0
23.	Dividends and profit-sharing paid (approved)	25,621		-24,617			-24,617	1,004
24.	Participating interests held by minority owners		-128				-128	-128
G.	**BALANCE SHEET PROFIT/(-)LOSS**	**34,749**	**823**	**0**	**0**	**-123**	**700**	**35,449**

Appendix B.1.

Movements in the Portfolio of Intangible Assets

(2007, figures in HUF M)

GROSS VALUE												
Description	Opening balance	Changes in subject year									Closing balance	Change in %
		Increase				Decrease						
		Com-missioning	Reclassification	Other	Total	Sale	Reclassification	Scrapping	Other	Total		
Capitalised value of foundation and reorganisation	1,294				0					0	1,294	0.00
Capitalised value of uncompleted experimental development	152	187			187		109			109	230	51.32
Capitalised value of completed experimental development	4		1		1					0	5	25.00
Capitalised value of experimental development	156	187	1	0	188	0	109	0	0	109	235	50.64
Rights of pecuniary value	12,249	1,628	42		1,670	11		794		805	13,114	7.06
Value adjustment of rights of pecuniary value	2				0					0	2	0.00
Intellectual property	15,135	2,075	36		2,111	-4	95	50		141	17,105	13.02
Value adjustment of intellectual property	19			368	368				8	8	379	1,894.74
Goodwill					0					0	0	0.00
Advances		3			3				3	3	0	0.00
TOTAL GROSS VALUE	**28,855**	**3,893**	**79**	**368**	**4,340**	**7**	**204**	**844**	**11**	**1,066**	**32,129**	**11.35**

DEPRECIATION												
Description	Opening balance	Changes in subject year									Closing balance	Change in %
		Increase				Decrease						
		Com-missioning	Reclassification	Other	Total	Sale	Reclassification	Scrapping	Other	Total		
Capitalised value of foundation and reorganisation	746	249			249					0	995	33.38
Capitalised value of uncompleted experimental development					0					0	0	0.00
Capitalised value of completed experimental development	4				0					0	4	0.00
Capitalised value of experimental development	4	0	0	0	0	0	0	0	0	0	4	0.00
Rights of pecuniary value	7,540	1,805		0	1,805	1		794		795	8,550	13.40
Intellectual property	8,467	1,829		64	1,893	3		43		46	10,314	21.81
Goodwill				0	0					0	0	0.00
TOTAL DEPRECIATION	**16,757**	**3,883**	**0**	**64**	**3,947**	**4**	**0**	**837**	**0**	**841**	**19,863**	**18.54**

NET VALUE												
TOTAL INTANGIBLE ASSETS	**12,098**				**393**	**3**	**204**	**7**	**11**	**225**	**12,266**	**1.39**

Appendix B.2. 2/1

Movements in the Portfolio of Tangible Assets

(2007, figures in HUF M)

GROSS VALUE

Description	Opening balance	Changes in subject year									Closing balance	Change in %
		Increase				Decrease						
		Com-missioning	Reclassification	Other	Total	Sale	Reclassification	Scrapping	Other	Total		
Lands, buildings and related rights of pecuniary value	183,389	12,606		53	12,659	391	429	731	30	1,581	194,467	6.04
Value adjustment of lands, buildings and related rights of pecuniary value	136,439			51,472	51,472				50,147	50,147	137,764	0.97
Technical equipment, machinery and vehicles	319,339	34,193	547	3	34,743	80	37	2,563	5	2,685	351,397	10.04
Value adjustment of technical equipment, machinery and vehicles	39,371			29,003	29,003				30,952	30,952	37,422	-4.95
Other equipment, fixtures, fittings and vehicles	16,947	1,635	75	5	1,715	322		565	50	937	17,725	4.59
Value adjustment of other equipment, fixtures, fittings and vehicles	47			4	4				8	8	43	-8.51
TOTAL GROSS VALUE	**695,532**	**48,434**	**622**	**80,540**	**129,596**	**793**	**466**	**3,859**	**81,192**	**86,310**	**738,818**	**6.22**

DEPRECIATION

Description	Opening balance	Changes in subject year									Closing balance	Change in %
		Increase				Decrease						
		Com-missioning	Reclassification	Other	Total	Sale	Reclassification	Scrapping	Other	Total		
Lands, buildings and related rights of pecuniary value	80,654	7,262			7,262	64	3	529	30	626	87,290	8.23
Technical equipment, machinery and vehicles	189,055	20,540	3		20,543	77	19	1,774	1	1,871	207,727	9.88
Other equipment, fixtures, fittings and vehicles	11,749	1,866	19	3	1,888	247		533	15	795	12,842	9.30
TOTAL DEPRECIATION	**281,458**	**29,668**	**22**	**3**	**29,693**	**388**	**22**	**2,836**	**46**	**3,292**	**307,859**	**9.38**
NET VALUE	**414,074**				**99,903**	**405**	**444**	**1,023**	**81,146**	**83,018**	**430,959**	**4.08**

Appendix B.2. 2/2

Movements in the Portfolio of Tangible Assets

(2007, figures in HUF M)

ASSETS IN COURSE OF CONSTRUCTION (CAPITAL PROJECTS)												
Description	Opening balance	Changes in subject year									Closing balance	Change in %
		Increase				Decrease						
		Com-missioning	Reclassification	Other	Total	Sale	Reclassification	Scrapping	Other	Total		
Unfinished capital projects	21,112	26,880	15,378	3,874	46,132	40,427	382	1	636	41,446	25,798	22.20
Unfinished refurbishments	1,485	434	6,378	2	6,814	6,384				6,384	1,915	28.96
Assets intended for capital projects in stock	97	1,691			1,691	1,615			6	1,621	167	72.16
Total unfinished capital projects and refurbishments	22,694	29,005	21,756	3,876	54,637	48,426	382	1	642	49,451	27,880	22.85
Advances	5,421	135	511	0	646	21			5,508	5,529	538	-90.08
TOTAL ASSETS IN COURSE OF CONSTRUCTION	**28,115**	**29,140**	**22,267**	**3,876**	**55,283**	**48,447**	**382**	**1**	**6,150**	**54,980**	**28,418**	**1.08**
TOTAL TANGIBLE ASSETS	**442,189**				**155,186**					**137,998**	**459,377**	**3.89**

Appendix B.3.

Consolidated Long-term Participating Interests in Affiliated Companies

(2007, figures in HUF M)

Associated companies	Consolidated long-term participating interests in affiliated companies	Negative consolidation difference*	Positive consolidation difference
Niker d.o.o.	2	5	
EKS-Service Kft.	164		
Dunamenti Erőmű Zrt.	10,245	632	
Mátrai Erőmű Zrt.	13,921	955	
ER-EF Erőmű Kft.	1	21	
HUPX Magyar Szervezett Villamosenergia-piac Zrt.	20		5
MM Energy Corporate Finance Beratungs G.m.b.H.	11		1
Zsigmondy Vilmos Harkányi Gyógyfürdőkórház Kht.	126	688	
TOTAL:	**24,490**	**2,301**	**6**

* off the Balance Sheet

Appendix B.4.

Trends in Positive Consolidation Differences

(2007, figures in HUF M)

Name of company	Positive consolidation difference						
	Gross value			Depreciation			Net value
	31.12.2006	Change	31.12.2007	Until 2006	2007	Total	31.12.2007
MVM Adwest GmbH	13		13	0	2	2	11
Hotel Vértes Kft.	37		37	22	8	30	7
Total subsidiaries	**50**	**0**	**50**	**22**	**10**	**32**	**18**
HUPX Magyar Szervezett Villamosenergia-piac Zrt.		5	5		5	5	0
MM Energy Corporate Finance Beratungs GmbH		1	1		1	1	0
Total associated companies	**0**	**6**	**6**	**0**	**6**	**6**	**0**
TOTAL	**50**	**6**	**56**	**22**	**16**	**38**	**18**

Appendix B.5.

Trends in Loss in Value

(2007, figures in HUF M)

Description	Opening balance	Total increase (loss in value accounted for) in subject year	Total decrease (reversed loss in value) in subject year	Closing balance
Loss in value of fixed assets	**10,143**	**5**	**0**	**10,148**
Long-term participating interests	10,141	5		10,146
Long-term loans	2			2
Loss in value of inventories	**2,842**	**3,706**	**1**	**6,547**
Materials	2,570	3,234		5,804
Work in progress	260	7		267
Finished products	0			0
Goods	12	465	1	476
Loss in value of receivables	**1,424**	**270**	**2**	**1,692**
Trade debtors	1,424	236	2	1,658
Other receivables	0	34		34
TOTAL LOSS IN VALUE:	**14,409**	**3,981**	**3**	**18,387**

Appendix B.6.

Movements in Consolidated Shareholders' Equity

(2007, figures in HUF M)

Reasons for change	Issued capital	Issued capital not paid	Capital reserve	Profit and loss reserve	Fixed reserve	Valuation reserve	Balance sheet profit/(-)loss	Change in shareholders' equity in subsidiaries	Change in shareholders' equity due to consolidation	Participating interests held by outside owners	Total
Opening balance	200,316		31,257	-6,680	439	175,879	1,824	-11,862	8,239	176	399,588
Changes:									0		0
Book-entry transfer of MVM Rt.'s 2006 balance sheet profit/(-)loss to the profit and loss reserve				100,937			-100,937		0		0
Book-entry transfer of the subsidiaries' 2006 balance sheet profit/(-)loss on ownership ratio into line "change in shareholders' equity of subsidiaries"							-489	489	0		0
Non-consolidated dividends									0		0
Change in shareholders' equity due to consolidation									0		0
(2006 year-end valuation of associated companies)							372		-372		0
(debt consolidation 2006)							1,530		-1,530		0
(OVIT, Partner dividends 2006)									0		0
(consolidation of intermediate profit/(-)loss, 2006)							97,718		-97,718		0
(consolidation of income/expenditures 2006)							4		0		4
Amortisation of ATKK							9		-9		0
Inclusion of companies treated as associates until 2005 as subsidiaries in 2006							10	-1	0		9
Purchase of Vértes shares, outside owner's portion							-41		0		-41
Accumulation of valuation reserve for MVM Zrt. and MAVIR Zrt. in individual statements						1,530			0		1,530
Value adjustment entered during consolidation						-1,799			0		-1,799
Fixed reserve released				75	-75				0		0
Accumulation of fixed reserve for own shares				-205	205				0		0
Bánhida contribution in kind								896	-842	66	120
Involved in 2007								-370	372	333	335
Involved in 2006								1,421	-1,584		-163
MVM Zrt.'s balance sheet profit/(-)loss as at 31.12.2007							32,500		0		32,500
Subsidiaries' balance sheet profit/(-) loss as at 31.12.2007							2,249		0		2,249

Reasons for change	Issued capital	Issued capital not paid	Capital reserve	Profit and loss reserve	Fixed reserve	Valuation reserve	Balance sheet profit/(-)loss	Change in shareholders' equity in subsidiaries	Change in shareholders' equity due to consolidation	Participating interests held by outside owners	Total
Book-entry transfer of subsidiaries' balance sheet profit/(-)loss as at 31.12.2007. due to outside owners							128		0	-128	0
Write-off of the positive consolidation difference of the subsidiaries							-10		0		-10
Reversal of loss in value accounted for participating interests held							1,235		0		1,235
Valuation of associated companies as at 31.12.2007							-524		0		-524
Amortisation of the positive consolidation difference of associated companies							-6		0		-6
Consolidation of interim profit/(-)loss, 31.12.2007							-123		0		-123
CLOSING BALANCE	**200,316**		**31,257**	**94,127**	**569**	**175,610**	**35,449**	**-9,427**	**-93,444**	**447**	**434,904**

Appendix B.7.

Trends in Negative Consolidation Differences

(2007, figures in HUF M)

Name of Company	Gross value of the negative consolidation difference		
	31.12.2006	Change	31.12.2007
OVIT ZRT.	217		217
PAKSI ATOMERŐMŰ ZRT.	3,874		3,874
VÉRTESI ERŐMŰ ZRT.	4,747	63	4,810
MAVIR ZRT.	526		526
MIFŰ KFT.	90		90
ENERGO-MERKUR KFT.	10		10
VILLKESZ KFT.	22		22
ERBE KFT.	69		69
GTER KFT.	1		1
HOTEL ARANYHÍD KFT.		125	125
VÉRTES HOTEL KFT.		255	255
Total in Consolidated Report	**9,556**	**443**	**9,999**
DUNAMENTI ERŐMŰ ZRT.	632		632
MÁTRAI ERŐMŰ ZRT.	955		955
NIKER D.o.o.	5		5
HARKÁNYI GYÓGYFÜRDŐ KHT.	688		688
ER-EF ERŐMŰ KFT.	21		21
HOTEL ARANYHÍD KFT.	125	-125	0
HOTEL VÉRTES KFT.	255	-255	0
Off-Report	**2,681**	**-380**	**2,301**

Appendix B.8.

Trends in Loans

(2007, figures in HUF M)

Purpose of loan	Opening balance	Loan borrowed	Loan repaid	Revaluation	Reclassification from long-term	Closing balance
I. Short-term loans						
Capital investment loan	7,569		-7,564		4,447	4,452
Overdrafts	26,480	126	-26,363			243
Revolving loan	11,477	1,413	-12,890			0
Corporate financing loan	35,852	6,083	-41,752			183
Car financing loan	1		-1		1	1
Total short-term loans	**81,379**	**7,622**	**-88,570**	**0**	**4,448**	**4,879**
II. Long-term loans						
Syndicated loan		38,140		-138		38,002
Capital investment loan	29,811	11,533	-3,664	-455	-4,447	32,778
Revolving loan	12,000		-12,000			0
Car financing loan	4		-1		-1	2
Total long-term loans	**41,815**	**49,673**	**-15,665**	**-593**	**-4,448**	**70,782**
TOTAL LOANS	**123,194**	**57,295**	**-104,235**	**-593**	**0**	**75,661**

Appendix C.1.

Net Sales of the Group in a Breakdown by Products and Product Types, Aggregated by Divisions

(2007, figures in HUF M)

No.	Product type	Holding Centre	Commercial Division	Services Division	TSO	Generation Division	Total
1.	**Electricity wholesale**		487,564			175	**487,739**
2.	**Electricity sales/transmission**				39,721	26,033	**65,754**
3.	**System operation fee, system-level services**				40,843		**40,843**
4.	**Network and technological installation**			2,956			**2,956**
5.	**District heating sales**					6,026	**6,026**
6.	**Coal sales**					49	**49**
7.	**Construction activities**			993		2	**995**
8.	**Utilisation of assets**	252		89		24	**365**
9.	**Economic, IT and engineering services**			421			**421**
10.	**Transportation and telecommunications**	292		659		91	**1,042**
11.	**Commercial activity**	1	13,519	2,649		65	**16,234**
12.	**Intermediated services**	50		161		1,457	**1,668**
13.	**Other industrial activities**	14	1	170			**185**
14.	**Facility management**			27			**27**
15.	**Other activities**	1	3	1,800	251	1,441	**3,496**
	TOTAL	**610**	**501,087**	**9,925**	**80,815**	**35,363**	**627,800**

Appendix C.2.

Detailed Costs of the Group Aggregated by Divisions

(2007, figures in HUF M)

Description	Holding Centre	Commercial Division	Services Division	TSO	Generation Division	Total
Cost of raw materials and consumables	158	22	8,599	338	38,684	**47,801**
Services consumed	3,018	607	5,265	2,947	16,367	**28,204**
Other services consumed	164	237	186	231	2,550	**3,368**
Cost of goods sold	-33	360,392	3,191	618	558	**364,726**
Cost of services sold (intermediated)	563	6	12,263	6,405	1,413	**20,650**
MATERIAL-TYPE COSTS	**3,870**	**361,264**	**29,504**	**10,539**	**59,572**	**464,749**
Wages and salaries	1,440	668	7,768	3,528	24,884	**38,288**
Employee benefits	580	194	1,680	1,622	7,066	**11,142**
Contributions on wages and salaries	561	238	2,839	1,506	9,255	**14,399**
STAFF COSTS	**2,581**	**1,100**	**12,287**	**6,656**	**41,205**	**63,829**
DEPRECIATION CHARGE	**4,249**	**152**	**1,638**	**9,264**	**18,264**	**33,567**
TOTAL	**10,700**	**362,516**	**43,429**	**26,459**	**119,041**	**562,145**

Appendix D.1.

Cash Flow Statement

(2007, figures in HUF M)

No.	DESCRIPTION	31.12.2006	31.12.2007
1.	Profit/loss before tax (+/-)	1,325	41,874
2.	Amortisation accounted for (+)	33,132	33,567
3.	Loss in value accounted for and reversed (+/-)	1,626	3,978
4.	Tangible and intangible assets scrapped, inventory shortage (+)	772	1,695
5.	Unbudgeted depreciation (+)	0	0
6.	Profit/loss from the sale of fixed assets and assets brought as contribution in kind (-/+)	-64	-415
7.	Dividends and profit-sharing received (-)	-4,800	-5,563
8.	Revaluation difference on bank loans other loans given and received and bonded debts (+/-)	-712	-592
9.	Valuation of associated companies in subject year (+/-)	364	524
10.	Liquid assets delivered definitively (+)	0	2,004
11.	Liquid assets received definitively (-)	0	-9,303
12.	Tax paid and payable (after profit) (-)	-728	-6,578
13.	Dividends and profit-sharing paid and payable (-)	-3	-1,004
I./A	**OPERATING CASH FLOW WITHOUT CHANGE IN WORKING CAPITAL**	**30,912**	**60,187**
14.	Change in trade debtors (-/+)	-10,745	-12,558
15.	Change in current assets (excluding trade debtors, cash pool, individual loan and liquid assets) (-/+)	-9,669	4,123
15/a.	Change in inventories (-/+)	-13,270	7,445
15/b.	Change in receivables from affiliated companies (excluding cash pool and individual loan) (-/+)	2,927	990
15/c.	Change in other receivables (-/+)	679	-4,139
15/d.	Change in securities (-/+)	-5	-173
16.	Change in prepaid expenses and accrued income (-/+)	-2,005	30,276
17.	Difference between provisions accumulated and used (+/-)	9,484	21,567
18.	Change in trade creditors (+/-)	10,163	-3,555
19.	Change in other current liabilities (+/-)	20,374	17,684
19/a.	Change in liabilities to affiliated companies (excluding cash pool and individual loan) (+/-)	-357	2,091
19/b.	Other changes in current liabilities (+/-)	20,731	15,593
20.	Change in accrued expenses and deferred income (+/-)	8,791	16,266
21.	Change in positive consolidation difference (+/-)	-13	-6
22.	Change in negative consolidation difference (+/-)	4,808	63

No.	DESCRIPTION	31.12.2006	31.12.2007
I./B	**CHANGE IN WORKING CAPITAL**	**31,188**	**73,860**
I.	**OPERATING CASH-FLOW**	**62,100**	**134,047**
23.	Purchase of fixed assets (-)	-82,650	-51,938
23/a.	Increase in fixed assets(-)	-79,298	-58,650
23/b.	Change in advances on assets in course of construction (+/-)	-3,352	4,883
23/c.	Change in trade creditors for assets in course of construction (+/-)	0	1,829
24.	Sale of fixed assets (+)	40,005	1,566
25.	Liquid assets acquired through acquisition (+)	1,685	82
26.	Dividends and profit-sharing received (+)	4,800	5,563
II.	**INVESTMENT CASH FLOW**	**-36,160**	**-44,727**
27.	Income from share issue and capital investment (+)	0	0
28.	Shares withdrawn, capital divestment (capital reduction) (-)	-2,258	-135
29.	Participating interests held by outside owners (+/-)	-6,070	130
30.	Income from the issue of bonds and debt securities (+)	0	0
31.	Repayment of bonds and debt securities (-)	0	0
32.	Drawdown of loans (+)	26,459	57,297
33.	Repayment of loans (-)	-14,961	-104,235
34.	Change in cash pool receivables and individual loans granted to subsidiaries (-/+)	0	467
35.	Change in cash pool liabilities and individual loans received from parent company (+/-)	0	0
36.	Repayment, cancellation and redemption of long-term and short-term loans granted and bank deposits placed (+)	0	0
37.	Increase in long-term and short-term loans granted and bank deposits placed (-)	0	-9,342
38.	Liquid assets received definitively (+)	3,185	9,103
39.	Liquid assets transferred definitively (-)	0	-2,004
40.	Change in liabilities to founders and other long-term liabilities (+/-)	-38	-352
III.	**FINANCING CASH FLOW**	**6,317**	**-49,071**
IV.	**CHANGE IN LIQUID ASSETS**	**32,257**	**40,249**

Appendix E.1.

Consolidated Labour Data

(2007, figures in HUF M)

Employee category	Average statistical headcount (person)	Wage cost	Other employee benefits
White-collar workers	3,780	21,879	6,281
Other employees	5,162	14,401	4,166
Total staff personnel:	**8,942**	**36,280**	**10,447**
Non-staff personnel:	**26**	**2,008**	**695**
TOTAL:	**8,968**	**38,288**	**11,142**

Appendix E.2.

Changes in the Inventories of Environmentally Harmful Materials and Hazardous Wastes

Wastes (2007, figures in tonnes)

Name of Company	Opening stock	Increase	Decrease	Closing stock
OVIT Zrt.	13	63	75	1
MAVIR Zrt.	0	358	358	0
Tatabánya Erőmű Kft.	6,955	150	152	6,953
Environmentally harmful materials	**6,968**	**571**	**585**	**6,954**
MVM Zrt.	0	55	55	0
OVIT Zrt.	63	3	3	63
Paksi Atomerőmű Zrt.	158	161	154	165
MAVIR Zrt.	0	208	208	0
Tatabánya Erőmű Kft.	1	16	17	0
Vértesi Erőmű Zrt.	789,447	673,757	1,463,194	10
Hazardous Wastes	**789,669**	**674,200**	**1,463,631**	**238**

Appendix E.3.

Change in the Portfolio of Tangible Assets Used for Environmental Protection

(2007, figures in HUF M)

Description	Lands and buildings	Technical equipment, machinery and vehicles	Other equipment, fixtures, fittings and vehicles	Assets in course of construction	Total
Opening balance of gross value	5,439	14,501	910	2,930	23,780
Increase	74	778	15	3,267	4,134
Decrease		517	33	824	1,374
Closing balance of gross value	**5,513**	**14,762**	**892**	**5,373**	**26,540**
Opening balance of depreciation	1,335	4,685	311		6,331
Increase	1,034	1,369	133		2,536
Decrease		110	27		137
Closing balance of depreciation	**2,369**	**5,944**	**417**	**0**	**8,730**
TOTAL	**3,144**	**8,818**	**475**	**5,373**	**17,810**