



2011 | ANNUAL REPORT OF THE MVM GROUP







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1

STRUCTURE OF THE MVM GROUP

Structure of MVM Group, Activities of Companies

The member companies of the MVM Group, shown in Figure 1 in a breakdown by their control category, qualify as subsidiaries included in full consolidation. Exceptions to these are the companies included in the "Investments" category, which have been rated from a consolidation point of view as follows:

- Joint ventures: Powerforum Zrt. (Powerforum Ltd.) and EKS Service Kft. (EKS Service Ltd.);
- Associated companies: Dunamenti Erőmű Zrt. (Dunamenti Power Plant Ltd.), Mátrai Erőmű Zrt. (Mátra Power Plant Ltd.), Zsigmondy Vilmos Harkányi Gyógyfürdőkörház Kht. (Zsigmondy Vilmos Harkány Spa and Balneological Hospital Not-for-profit Company) and MM Energy GmbH;
- Companies of other forms of participation: ELMŰ Nyrt. (ELMŰ plc) and ÉMÁSZ Nyrt. (ÉMÁSZ plc).

In addition to those listed in the figure, an additional three associated companies and six companies of other forms of participation also belong to the group of companies regarded as consolidated from an accounting point of view.



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PRINCIPAL FINANCIAL INDICATORS OF THE MVM GROUP

2.1 Key Technical and Economic Indicators of the MVM Group

Key indicator	Unit	2010	2011	Change (%) 2011/2010
Installed capacity of power plants	MW _e	2,837	2,903	+2.3
Electricity output (gross)	GWh	17,327	17,226	-0.6
Electricity sold	GWh	29,134	29,323	+0.6
Electricity purchased	GWh	12,296	12,287	-0.1
Heat sold	TJ	3,849	2,953	-23.3
Net sales	HUFm	557,468	646,545	+16.0
EBITDA	HUFm	71,728	105,952	+47.7
Profit/(-)loss after tax	HUFm	21,781	45,884	+110.7
Total assets	HUFm	876,311	925,524	+5.6
Shareholders' equity	HUFm	522,021	563,730	+8.0
Net financial liability (outstanding bank loans - liquid assets)	HUFm	80,301	81,254	+1.2
Fixed Assets Ratio	%	75	72	-4.2
Rate of Return on Assets (ROA)	%	2	5	+99.5
Rate of Return on Equity (ROE)	%	4	8	+95.1
Rate of Return on Sales (ROS)	%	4	7	+81.6
Net debt / Shareholders' equity	-	0.15	0.14	-6.3
Net debt / EBITDA	-	1.12	0.77	-31.5
EBITDA / Interest paid	-	21.75	24.93	+14.6
Operating cash flow	HUFm	24,763	44,038	+77.8
Capital projects	HUFm	65,284	63,821	-2.2
Average headcount	persons	8,090	7,859	-2.9

2.2 Principal Financial Data of Subsidiaries

Member companies included in the full consolidation of the MVM Group	Net sales			Profit(-)loss after tax			Shareholder's equity		
	2010	2011	Change (%) 2011/2010	2010	2011	Change (%) 2011/2010	2010	2011	Change (%) 2011/2010
	HUFm	HUFm	%	HUFm	HUFm	%	HUFm	HUFm	%
MVM Zrt. (MVM Ltd.)	10,707	12,887	+20.4	27,585	36,067	+30.8	375,209	401,028	+6.9
MVM Trade Zrt. (MVM Trade Ltd.)	320,865	360,686	+12.4	8,511	13,203	+55.1	18,103	18,103	+0.0
MVM Partner Zrt. (MVM Partner Ltd.)	69,099	134,153	+94.1	499	510	+2.2	3,996	3,996	-0.0
MVM-ADWEST GmbH.	41,915	36,002	-14.1	1,075	87	-91.9	1,313	1,451	+10.5
HUPX Zrt. (HUPX Ltd.)	144	399	+176.7	-87	-104	-20.3	134	389	+189.7
CEEGEX Zrt. (CEEGEX Ltd.)	0	0	-	0	-9	-	0	11	-
HUPX Derivatív Zrt. (HUPX Derivatív Ltd.)	0	0	-	0	-4	-	0	1	-
MVM Partner Serbia d.o.o Beograd	0	280	-	0	-5	-	11	7	-39.9
MVM Partner d.o.o.	0	0	-	0	-3	-	0	9	-
MVM Partner Energija d.o.o.	0	0	-	0	-4	-	0	8	-
MVM Partner Bucharest	0	0	-	0	-5	-	0	6	-
MVM Trade Poland Sp. z.o.o.	0	0	-	0	0	-	0	11	-
MAVIR Zrt. (MAVIR Ltd.)	123,252	130,038	+5.5	5,949	5,123	-13.9	266,708	277,860	+4.2
MVM Paks Atomerőmű Zrt. (MVM Paks Nuclear Power Plant Ltd.)	167,867	174,616	+4.0	19,063	20,758	+8.9	129,612	129,608	-0.0
Vértesi Erőmű Zrt. (Vértés Power Plant Ltd.)	17,066	20,999	+23.0	-11,478	10,316	+189.9	-11,902	-1,586	+86.7
MVM Észak-Budai Fűtőerőmű Kft. (MVM North Buda Power Plant Ltd.)	10,633	7,832	-26.3	603	-1,256	-308.3	3,790	2,533	-33.1
MVM MIFŰ Kft. (MVM MIFŰ Ltd.)	11,295	9,658	-14.5	1,150	-267	-123.2	7,355	7,268	-1.2
MVM GTER Zrt. (MVM GTER Ltd.)	7,538	9,628	+27.7	47	81	+71.8	298	298	+0.0
Kárpát Energo Zrt. (Kárpát Energo Ltd.)	0	0	-	-20,631	-2,243	+89.1	-10,746	-12,989	-20.9
Mátrai Villamos Művek Termelő Zrt. (Mátra Power Generation Co. Ltd.)	0	24	-	-1,606	-369	+77.0	-420	12	+102.7
MVM BVMT Zrt. (MVM BVMT Ltd.)	0	2,028	-	-131	-2,405	-1,731.7	4,005	1,600	-60.0
MVM Hungarowind Kft. (MVM Hungarowind Ltd.)	1,323	1,259	-4.8	189	277	+46.6	2,683	2,960	+10.3
MVM OVIT Zrt. (MVM OVIT Ltd.)	47,472	47,864	+0.8	484	1,069	+120.6	7,308	9,308	+27.4
MVM ERBE Zrt. (MVM ERBE Ltd.)	5,847	7,635	+30.6	43	12	-72.4	981	981	-
MVM VILLKESZ Kft. (MVM VILLKESZ Ltd.)	1,637	1,100	-32.8	-276	-376	-36.3	370	-6	-101.5
MVMi Informatika Zrt. (MVMi Information Technologies Service Centre Ltd.)	6,601	7,711	+16.8	17	223	+1,243.7	5,392	5,392	+0.0
MVM Kontó Zrt. (MVM Kontó Ltd.)	1,302	1,579	+21.2	16	114	+593.0	302	300	-0.8
ATOMIX Kft. (ATOMIX Ltd.)	4,511	4,909	+8.8	30	-65	-314.3	230	165	-28.3
ENERGO-MERKUR Kft. (ENERGO-MERKUR Ltd.)	294	265	-10.0	12	9	-27.1	68	77	+12.8
MVM Investment Ukrajna Beruházási Kft. (MVM Investment Ukraine Ltd.)	0	0	-	1	14	+1,096.4	201	216	+7.1
System Investment Ukrajna LV (System Investment Ukraine Ltd.)	3	0	-96.0	-28	-9	+67.3	143	152	+6.5
Niker d.o.o.	137	114	-16.6	14	-316	-2,300.7	-801	-1,226	-53.0
MVM Hotel Panoráma Kft. (MVM Hotel Panoráma Ltd.)	152	195	+28.0	-92	-86	+7.4	343	257	-25.0
MVM Hotel Vértés Kft. (MVM Hotel Vértés Ltd.)	158	165	+4.8	-176	-206	-17.4	296	290	-2.1
Bánhida Erőmű Kft. (Bánhida Power Plant Ltd.)	3	5	+49.2	-115	-647	-464.7	427	-220	-151.6
Római Irodaház Kft. (Római Office Building Ltd.)	1,863	1,862	-0.0	-95	-355	-272.4	8,324	7,969	-4.3

Member companies included in the full consolidation of the MVM Group	Shareholder's equity			Total assets			Average headcount		
	2010	2011	Change (%) 2011/2010	2010	2011	Change (%) 2011/2010	2010	2011	Change (%) 2011/2010
	HUFm	HUFm	%	HUFm	HUFm	%	persons	persons	%
MVM Zrt. (MVM Ltd.)	375,209	401,028	+6.9	526,671	564,524	+7.2	163	174	+6.9
MVM Trade Zrt. (MVM Trade Ltd.)	18,103	18,103	+0.0	67,850	66,403	-2.1	67	65	-3.1
MVM Partner Zrt. (MVM Partner Ltd.)	3,996	3,996	-0.0	12,623	44,062	+249.1	57	66	+15.4
MVM-ADWEST GmbH.	1,313	1,451	+10.5	6,109	7,562	+23.8	11	13	+12.3
HUPX Zrt. (HUPX Ltd.)	134	389	+189.7	186	541	+190.4	2	16	+547.4
CEEGEX Zrt. (CEEGEX Ltd.)	0	11	-	0	22	-	0	0	-
HUPX Derivatív Zrt. (HUPX Derivatív Ltd.)	0	1	-	0	4	-	0	0	-
MVM Partner Serbia d.o.o Beograd	11	7	-39.9	11	181	+1523.4	0	0	-
MVM Partner d.o.o.	0	9	-	0	10	-	0	0	-
MVM Partner Energija d.o.o.	0	8	-	0	9	-	0	0	-
MVM Partner Bucharest	0	6	-	0	8	-	0	1	-
MVM Trade Poland Sp. z.o.o.	0	11	-	0	11	-	0	0	-
MAVIR Zrt. (MAVIR Ltd.)	266,708	277,860	+4.2	399,874	426,685	+6.7	611	574	-6.0
MVM Paks Atomerőmű Zrt. (MVM Paks Nuclear Power Plant Ltd.)	129,612	129,608	-0.0	194,879	199,800	+2.5	2,486	2,502	+0.7
Vértesi Erőmű Zrt. (Vértés Power Plant Ltd.)	-11,902	-1,586	+86.7	31,350	25,866	-17.5	1,318	1,137	-13.7
MVM Észak-Budai Fűtőerőmű Kft. (MVM North Buda Power Plant Ltd.)	3,790	2,533	-33.1	15,187	14,683	-3.3	8	7	-17.7
MVM MIFŰ Kft. (MVM MIFŰ Ltd.)	7,355	7,268	-1.2	18,144	17,222	-5.1	45	44	-2.8
MVM GTER Zrt. (MVM GTER Ltd.)	298	298	+0.0	2,037	2,598	+27.6	110	104	-5.4
Kárpát Energo Zrt. (Kárpát Energo Ltd.)	-10,746	-12,989	-20.9	8,387	8,743	+4.2	6	0	-100.0
Mátrai Villamos Művek Termelő Zrt. (Mátra Power Generation Co. Ltd.)	-420	12	+102.7	409	338	-17.5	5	1	-81.0
MVM BVMT Zrt. (MVM BVMT Ltd.)	4,005	1,600	-60.0	19,235	20,261	+5.3	5	5	-1.7
MVM Hungarowind Kft. (MVM Hungarowind Ltd.)	2,683	2,960	+10.3	8,332	7,462	-10.4	0	0	-
MVM OVIT Zrt. (MVM OVIT Ltd.)	7,308	9,308	+27.4	19,067	24,665	+29.4	1,582	1,579	-0.2
MVM ERBE Zrt. (MVM ERBE Ltd.)	981	981	-	3,100	2,904	-6.3	270	259	-4.2
MVM VILLKESZ Kft. (MVM VILLKESZ Ltd.)	370	-6	-101.5	1,541	1,146	-25.6	272	155	-43.0
MVM I Informatika Zrt. (MVM I Information Technologies Service Centre Ltd.)	5,392	5,392	+0.0	8,246	8,422	+2.1	141	149	+5.8
MVM Kontó Zrt. (MVM Kontó Ltd.)	302	300	-0.8	594	742	+24.9	110	119	+8.4
ATOMIX Kft. (ATOMIX Ltd.)	230	165	-28.3	791	1,013	+28.0	734	801	+9.1
ENERGO-MERKUR Kft. (ENERGO-MERKUR Ltd.)	68	77	+12.8	108	106	-1.9	7	6	-8.3
MVM Investment Ukrajna Beruházási Kft. (MVM Investment Ukraine Ltd.)	201	216	+7.1	203	217	+7.2	0	2	-
System Investment Ukrajna LV (System Investment Ukraine Ltd.)	143	152	+6.5	143	161	+12.9	2	0	-100.0
Niker d.o.o.	-801	-1,226	-53.0	513	296	-42.3	3	5	+55.6
MVM Hotel Panoráma Kft. (MVM Hotel Panoráma Ltd.)	343	257	-25.0	625	618	-1.1	28	31	+8.3
MVM Hotel Vértés Kft. (MVM Hotel Vértés Ltd.)	296	290	-2.1	907	868	-4.3	38	36	-4.8
Bánhida Erőmű Kft. (Bánhida Power Plant Ltd.)	427	-220	-151.6	1,316	754	-42.7	0	0	-
Római Irodaház Kft. (Római Office Building Ltd.)	8,324	7,969	-4.3	19,875	20,364	+2.5	10	10	+0.0



STRATEGY

3

The Medium-term Strategy of the MVM Group (2011-2013) was adopted in April 2011. Accordingly, the MVM Group has been operating in the spirit of the new strategy since the second quarter of 2011, and the implementation of the goals set in it has begun at the business unit- and member company-levels. The principal objective of the MVM Group is to become an integrated energy group that plays a key role also at the regional level by 2020 through intensive growth.

The MVM Group wants to implement its objectives along three strategic pillars:

- It proactively exploits the opportunities offered by the ownership and legal regulatory environment determining its operations. This primarily means that it enforces the opportunities lying in ownership regulation and makes use of the options offered by the statutory environment through professional dialogue.
- The MVM Group set it as an objective to ensure that its operations reach an efficient, high standard both at the member company- and group-level by applying the best international practices. To this end, the Group will carry out a comprehensive and intensive operational development and cost efficiency programme, the primary element of which is the introduction of an integrated corporate management system standardised at the group level, based on international standards, by the end of 2013.

- The MVM Group wants to pursue a growth strategy resulting in a significant increase in the business value of the Group by 2020, and the Group will become a key player also in the regional energy markets besides maintaining and strengthening its domestic positions. As part of the strategy, the MVM Group aims at establishing partnerships in the countries of the region (primarily in Romania, Croatia, Serbia and Bosnia and Herzegovina), and wants to strengthen its regional role through joint projects and acquisitions.

An essential condition of the implementation of the strategy is that the required human resources should be available in the appropriate size, structure and qualification composition as well as that the above-mentioned systems ensuring its efficient operation should be established (organisational and management frameworks, incentive system and knowledge management system).

In addition, the MVM Group, as a company owned in majority by the State, bearing in mind its corporate social responsibility, has committed itself to achieve its strategic goals (besides economic goals) by ensuring sustainable development, devoting special care to environmental protection.

4

ACTIVITY AREAS OF THE MVM GROUP

4.1 Holding Centre – MVM Magyar Villamos Művek Zrt. (MVM Hungarian Electricity Ltd.)

4.1.1 Asset Management

As Holding Centre, the fundamental objectives of MVM Zrt. are the strategic management and control of the business organisations in its ownership. This sphere of activities includes strategic planning and decision-making, the control, monitoring and management of the members of the Group and the units of the organisation, as well as the centralised financial management, asset management and administration activities of the Holding Company.

A substantial part of the revenues of the company is provided by dividend earnings paid by its subsidiaries, associated companies and companies of other forms of participation.

4.1.2 Telecommunications Services

MVM Zrt. is an electronic communications service provider registered by the National Communications Authority. In 2011, it operated the network in its ownership jointly with MVM OVIT Zrt., serving, with this activity, the telecommunications needs of MAVIR Zrt. aimed at system operation and transmission. As a result of the changes in law associated with the introduction of the ITO model conforming to the directives of the European Union in 2012, the ownership of the telecommunications network was transferred to a newly established subsidiary as contribution in kind in 2012.

MVM Zrt. provided telecommunications services also to the other members of the Group previously and, as a public trunk service provider, provided leased line and other high-value telecommunications products in the wholesale telecommunications market. Due to its achievements and experience, MVM Zrt. was commissioned to operate the Electronic Government Trunk Network. The preparation of this activity began in 2011, and this task will also be performed by the newly established subsidiary as of 2012.

4.1.3 Leasing Out Secondary Back-up Power Plants and Real Estate Letting

The company leases out the secondary back-up power plants in its ownership to its subsidiary, MVM GTER Zrt. In addition, it also draws revenues from letting its own real estates (office building and other properties).

4.1.4 Development Activities

The actually implemented capital projects of MVM Zrt. were worth HUF 9,093 million, while their capitalisation amounted to HUF 4,916 million in 2011. Telecommunications replacement projects and refurbishments accounted for the majority of our developments, which were made necessary by the maintenance of operational safety and the fulfillment of the changing requirements of MAVIR Zrt.

4.1.5 "Corporate Governance System"

The operational procedures of MVM Zrt. are defined in the Articles of Association of the company, which have been adopted in accordance with the provisions of Act IV of 2006 on Business Associations (Companies Act).

Shareholders' Meeting

The supreme body of the company is the Shareholders' Meeting, which comprises all shareholders. The shareholders exercise their rights at the Shareholders' Meeting. MVM Zrt. has issued series "A" shares only, which carry equal rights for the shareholders.

The issues falling within the exclusive competence of the Shareholders' Meeting are laid down in the Companies Act and the Articles of Association of MVM Zrt., which also vest the Shareholders' Meeting of MVM Zrt. with a number of other exclusive powers. These powers are mostly to ensure tighter control by the shareholders over the business operations of the company.

Board of Directors

The Board of Directors is the management body of the company, the members of which are elected and removed by the Shareholders' Meeting, and its Chair is elected by the members from among themselves. The Board of Directors is entitled to establish the work organisation of the company and decides on any issues that are referred to the exclusive competence of the Board pursuant to the Companies Act, the Articles of Association of MVM Zrt. and the Rules of Procedure of the Board of Directors. The powers of the Board of Directors ensure that it exercise full control over the business operations of the company.

CEO

The CEO is the chief executive of the company. The CEO is always a member of the Board of Directors, is in charge of the management of the company between the meetings of the Board of Directors, is responsible for the operative management of the company, and exercises the employer's rights over the employees of the company.

Supervisory Board

The Supervisory Board oversees the management of the company. The Supervisory Board is obliged to review all business policy reports included in the agenda of the Shareholders' Meeting, the statutory annual report and accounts, the proposal for the appropriation of the profit after tax, and any other submission making a decision on which falls within the exclusive competence of the Shareholders' Meeting. The Shareholders' Meeting may only adopt a valid resolution in these issues in the knowledge of the report of the Supervisory Board.

Auditor

The Auditor elected by the Shareholders' Meeting ensures the performance of statutory audits under the Hungarian Accounting Act. During this, the Auditor is required to establish whether the statutory report and accounts of the business association conform to the laws, and whether they give a true and fair picture of the pecuniary and financial situation of the company and of the results of its operations.

Management

The management of the company is performed by the Board of Directors and the CEO. The organisational structure of MVM Zrt. and its basic rules of operation are established in the Organisational and Operational Rules of the company. The members of the Board of Directors and the employees authorised by the Board of Directors to sign for the company are entitled to sign for the company.

4.2 Trading Business Unit

Due to the activities of MVM Trade Zrt., the MVM Group is the dominant electricity wholesaler in Hungary, and, in addition, also holds a major interest in the retail and direct consumer sales markets through MVM Partner Zrt. and MVM-ADWEST GmbH.

At the end of 2011, the Trading Division of the MVM Group comprised the following member companies and their subsidiaries:

- MVM Trade Villamosenergia Kereskedelmi Zrt. (MVM Trade Power Trading Ltd., hereinafter: "MVM Trade Zrt."), - MVM Trade Poland Sp. z.o.o.
- MVM Partner Energiakereskedelmi Zrt. (MVM Partner Energy Trading Ltd., hereinafter: "MVM Partner Zrt."),

- MVM Partner Serbia d.o.o. Beograd (hereinafter: "MVM Partner Serbia d.o.o.")
- MVM Partner d.o.o.
- MVM Partner Energija, druzba za energijo d.o.o. (hereinafter: "MVM Partner Energija d.o.o.")
- MVM Partner Bucharest S.r.l.
- MVM-ADWEST Marketing und Handelsgesellschaft GmbH (hereinafter: MVM-ADWEST GmbH),
- HUPX Magyar Szervezett Villamosenergia-piac Zrt. (HUPX Hungarian Power Exchange Company Ltd., hereinafter: "HUPX Zrt.")¹.
- CEEGEX Közép-Kelet-Európai Szervezett Földgázpiac Zrt. (CEEGEX Eastern and Central European Natural Gas Exchange Company Ltd., hereinafter: "CEEGEX Zrt.")
- HUPX Derivatív Zrt. (HUPX Derivative Ltd.)

In 2011, MVM Partner ZRt. established three other foreign (one Croatian, one Serbian and one Slovenian) subsidiaries with 100% ownership shares in addition to MVM Partner Bucharest S.r.l. existing so far for the purpose of wholesale abroad. The Polish subsidiary of MVM Trade ZRt. was established for a similar purpose.

HUPX Zrt. established two 100% owned subsidiaries in 2011. The establishment of CEEGEX Zrt. (CEEGEX Ltd., CEEGEX Közép-Kelet-Európai Szervezett Földgázpiac Zrt., Central and Eastern European Natural Gas Exchange Company Ltd.) served the establishment of the organised natural gas market (gas exchange), and HUPX Derivatív Zrt. was established to develop and operate a long-term trading market for products not delivered physically.

The MVM Group acquired additional participating interests in the power distribution company ELMŰ Nyrt. through share purchase in 2011.

4.2.1 MVM Trade ZRt.

MVM Trade ZRt. is predominantly engaged in electricity wholesale activities in a transparent way, almost exclusively with market products. The company is market leading in the wholesale segment of the Hungarian electricity market, but it is also an important player in the regional market which includes the surrounding countries.

On the basis of the role of MVM Trade ZRt. in the domestic market, the Hungarian Energy Office (hereinafter: "HEO") rated the company as a licence holder with Significant Market Power (SMP) in its Decisions Nos. 727/2008, 739/2008, 963/2008 and 747/2011. The company sells electricity under market conditions, using the opportunities provided by the domestic and regional electricity markets. With regard to the forms of trade, on the one hand, MVM Trade ZRt. sells electricity to companies holding a "universal service licence" under a several-year market-based purchase agreement and, on the other hand, it also offers power at regular "capacity auctions" in connection with the SMP rating given by the HEO. This latter form of trade may be replaced by sales in the organised market in the coming years.

The source side of the sales activities of MVM Trade ZRt. is mostly provided by the agreements concluded by the company with power generation companies pursuant to the regulations of the European Union and the recommendations made by the European Federation of Energy Traders (EFET). Procurements from power plants are supplemented by purchases from the System Operator and expedient supplementary purchases in the competitive market.

In cooperation with the other market players, the company intensively aims at continuously increasing the liquidity of the domestic competitive electricity market. The success of this is shown by the fact that the turnover of the POWERFORUM trading platform established by the company continued to grow in 2011 despite the economic crisis, and upon the opening of the gas market, natural gas trade also became possible on it.

MVM Trade ZRt. purchased 22.1 TWh of electricity during its trading activities in 2011, 95.5% of which came from domestic power plants. The company transferred its tasks relating to foreign trade to MVM Partner ZRt. in 2011, thus it procured the remainder of the purchased power from the domestic competitive market and from MAVIR ZRt. mainly for the purpose of purchasing balancing power.

Universal service providers contracted 48.9% (10.8 TWh) of all power sold under wholesale arrangements, and 49.6% of the power was sold in the competitive market. The company sold the remaining 1.5% to the System Operator.

The wholesale activities of MVM Trade ZRt. are characterised by transparency and the provision of discrimination-free conditions. Decree No. 6/2008 (V.18.) KHEM made mandatory the disclosure of information which is important with regard to sustainability impacts, and pursuant to the decree, all traders, including MVM Trade ZRt., shall inform electricity customers of the breakdown of the origin of the products purchased by them by primary energy resource. This information has to be stated subsequently, once a year, and MVM Trade ZRt. fulfills its above obligation on every occasion.

¹ HUPX Zrt. is a subsidiary owned 100% by MAVIR ZRt. The licence holder active in the organised electricity market does not qualify as a trader, but is a completely different licence holder category; nonetheless, it was included in the Trading Business Unit in accordance with the categorisation used by MVM for management purposes.

4.2.2 MVM Partner ZRt. (MVM Partner Ltd.)

MVM Partner ZRt. is the electricity trading subsidiary of the MVM Group in the competitive market, the wholesale activities of which cover the domestic and—through cross-border interconnections—international markets in addition to domestic consumer sales.

In 2011, the company purchased electricity in the competitive market, i.e., from domestic power plants, MVM Trade ZRt. (MVM Trade Ltd.) and other trading companies and through import, which it mostly sold to domestic users and traders holding a Hungarian trading licence, and to a smaller extent to its foreign partners. The market share of MVM Partner ZRt. was 2.6% in the wholesale market and 8% in the market of non-household users. The company successfully built its new business unit, and reliably sells electricity to small and medium-sized companies in Hungary to a high quality standard. This activity is supported by an extensive and easily accessible customer service.

The wholesale activities are continued to be focused on the Hungarian market, but in addition to Romania, MVM Partner ZRt. had branch offices and held trading licences in three additional countries (Croatia, Serbia and Slovenia) by the end of 2011. The branch offices are owned 100% by MVM Partner ZRt. The companies will commence their actual electricity trading activities as of 2012. In 2011, the total electricity sales of the company reached 5.1 TWh.

MVM Partner ZRt. began its natural gas trading activities in the gas year starting on 1 July 2011. Pursuant to Decree No. 13/2011 NFM, it purchased 24.48 TWh of natural gas from the Hungarian Hydrocarbon Stockpiling Association (HHSA) for the above-mentioned gas year, and contracted an entry capacity of 0.49 TWh/day both on the HAG pipeline and at the strategic natural gas storage facility.

During the gas year, the company supplemented the quantity of natural gas received from the HHSA with 47.88 TWh, 96.5% and 3.5% of which were obtained from imports and domestic sources, respectively. It sold this quantity of gas mostly in the wholesale market under sales agreements reflecting the conditions of procurement. Of the 24.48 TWh purchased from the HHSA, MVM Partner ZRt. sold 20.11 TWh of natural gas to district heat supply and cogeneration companies and traders directly supplying them.

MVM Partner ZRt. also supported the achievement of its business and strategic goals by continuing its intensive communication activity primarily aimed at small and medium-sized companies in 2011. In addition to an advertising campaign promoting the company, corporate social responsibility, which promoted a positive image of the company, was also a priority area of communication.

4.2.3 MVM-ADWEST GmbH

A company registered in Austria, MVM-ADWEST GmbH participates in the regional trade of electricity. It is engaged in wholesale activities on its own account in and between the Austrian, German, Slovakian and Czech markets. It is a member of the Austrian and German electricity exchanges and the Czech and Slovakian organised daily markets, and is also eligible to trade on several brokerage platforms. The company supplemented its activities performed at its own risk with trading performed on an agency basis. In addition to electricity trade, the company also engaged in the trade of environmental quotas on an agency basis in 2011.

MVM-ADWEST GmbH engaged in the wholesale trade of electricity in the free market in 2011, too, in which trade on an agency basis dominated. As part of this, the company was participating in the portfolio management of the trading subsidiaries of the MVM Group as well as was trading in portfolios managed on an agency basis. Trading in standard electricity products to be delivered over a period of one year was performed on the Central Trading Floor (CTF) of Budapest. Its annual trading turnover was 2.7 TWh in 2011.

4.2.4 HUPX Magyar Szervezett Villamosenergia-piac Zrt. (HUPX Hungarian Power Exchange Company Ltd.)

HUPX Zrt. (HUPX Ltd.) is a subsidiary owned 100% by MAVIR ZRt. (MAVIR Ltd.), which was granted an operational licence for the organised electricity market in Decision No. 136/2009 of the HEO. According to it, the company serves market players in a competition neutral way, efficiently, safely, transparently and to a high standard, as well as provides competitive exchange trading and settlement services in such a way as to provide reliable price information to the widest possible range of the electricity market by also maintaining its technical neutrality.

In 2011, trading in day ahead auction products took place smoothly, then after thorough preparations, physically delivered long-term products were included in trading as of July 2011. The preparation of the interconnection of the Czech, Slovakian and Hungarian electricity markets and preparations for trading in derivative and gas products began during the year. HUPX Zrt. established two subsidiaries, CEEGEX Zrt. and HUPX Derivatív Zrt., for carrying out the latter tasks.

4.3 Power Generation Business Unit

The generation portfolio of the MVM Group included the following companies in 2011:

- MVM Paksi Atomerőmű Zrt.
(MVM Paks Nuclear Power Plant Ltd.)
- Vértesi Erőmű ZRt. (Vértés Power Plant Ltd.)
- MVM MIFŰ Miskolci Fűtőerőmű Kft.
(MVM MIFŰ Miskolc Central Heating Plant Ltd.)
- MVM Észak-Budai Fűtőerőmű Kft.
(MVM North Buda Power Plant Ltd.)
- MVM GTER Gázturbinás Erőmű Zrt.
(MVM GTER Gas Turbine Power Plant Ltd.)
- MVM Hungarowind Kft.
(MVM Hungarowind Wind Power Plant Operating Ltd.)
- MVM BVMT Bakonyi Villamos Művek Termelő Zrt.
(MVM BVMT Bakony Power Generation Co. Ltd.)
- Kárpát Energo Zrt. (Kárpát Energo Ltd.)
- Mátrai Villamos Művek Termelő Zrt.
(Mátra Power Generation Co. Ltd.)

The MVM Group provides the primary supply of electricity to meet demand in Hungary through the operation of the Paks Nuclear Power Plant, while the gas turbine power plants belonging to MVM GTER Zrt. play a special role as emergency back-up units. They latter ones do not generate a significant quantity of electricity, but are indispensable for the stable operation of the system and the availability of appropriate system reserves.

The MVM Group also assumed a role in also facilitating the technological renewal of district heat generation in several cities by installing modern and environmentally friendly units. Such high-efficiency combined power and heat generation units were constructed at the sites of MVM MIFŰ Kft. in Miskolc or MVM Észak-Budai Fűtőerőmű Kft.

The Power Generation Business Unit plays a prominent role in the updated Medium-term Business Strategy. The responsible Development Policy required by the changed market situation and the economic crisis warranted that the MVM Group should treat the projects in Hungary, including the development of the power generation portfolio, as a priority. To this end, MVM launches new projects and, as an investor, initiates projects that allow environmentally friendly, competitive electricity generation through modern technological solutions, and optimise the composition of the domestic generation portfolio, while also creating jobs.

In accordance with the energy policy concept of the Government, it is also a priority objective of the Medium-term Strategy of the MVM Group to ensure that the National Electricity Company participate in the exploitation of renewable energy sources in Hungary on a business basis and in conformity with the expectations of the Shareholders. In 2009, as a result of a successful acquisition, MVM Hungarowind Kft. operating one of the most important wind farms in the Hungary joined the Group.

A review by MVM Zrt. established that in the case of the continuation of the development of the Vásárosnamény Power Plant known under the name of Kárpát Energo Project, a considerable loss could be reckoned with. According to the decision, liquidation proceedings were instituted against Kárpát Energo Zrt. in 2011.

The installed capacity and generation quantity data of the Power Generation Business Unit of the MVM Group are shown in the following table:

Installed capacity in a breakdown by primary energy source

Item	Unit	2010	2011
Installed electrical capacity	MW_e	2,837	2,903
coal/biomass	MW _e	240	240
natural gas and distillate oil/fuel oil	MW _e	574	640
nuclear	MW _e	2,000	2,000
wind	MW _e	23	23
Installed thermal capacity	MW_{th}	6,717	6,536
coal	MW _{th}	88	88
natural gas and distillate oil/fuel oil	MW _e	689	508
nuclear	MW _{th}	5,940	5,940

Quantity of energy generated in a breakdown by primary energy source

Item	Unit	2010	2011
Electrical output	GWh	16,208	16,079
coal/biomass	GWh	729	859
natural gas and distillate oil/fuel oil	GWh	632	465
nuclear	GWh	14,802	14,711
wind	GWh	45	44
Heat output	TJ	4,217	3,335
coal/biomass	TJ	374	346
natural gas and distillate oil/fuel oil	TJ	3,341	2,481
nuclear	TJ	502	508

4.3.1 MVM Paksi Atomerőmű Zrt.

MVM Paksi Atomerőmű Zrt. (MVM Paks Nuclear Power Plant Ltd.) is a key electricity generation company in Hungary. The nuclear power plant pollutes the environment the least in comparison with other electric power plants and does not emit any carbon dioxide, thereby saving a quantity of oxygen corresponding to 2 million persons' oxygen demand per year. Thus, the MVM Paks Nuclear Power Plant is essential for the country from energy, environmental protection and economic points of view alike.

Electricity Generation and Sales

The four units of the power plant generated a total of 15,685 GWh of electricity in 2011.

Heat Sales

MVM Paksi Atomerőmű Zrt. sold the majority of its heat output to Duna Center Therm Kft. (Danube Center Therm Ltd.), and its remainder was purchased by MVM OVIT Zrt. and MAVIR Zrt. The nuclear power plant sold a total of 134 TJ of heat in 2011.

Investments and Development Activities

The composition and magnitude of the investments in 2011 were determined, on the one hand, by tasks aimed at maintaining the technical standard in connection with the design lifetime of the units and, on the other hand, by projects relating to lifetime extension. The capital projects of the company amounted to HUF 21,737 million, of which capitalisation accounted for HUF 24,109 million.

Lifetime Extension (LE)

In 2011, the company carried out the projects planned for the overhaul of Unit 1 and a condition assessment. In addition, the compilation and checking of the documentation on which the lifetime extension licence application is based continued.

A SALTO (Safety Aspects of Long Term Operation) audit of the International Atomic Energy Agency was conducted between 30 May and 9 June 2011, which was followed by an independent expert audit of the documentation providing grounds for the licence application in the third quarter.

As a result of the foregoing, the documentation required for the operation of Unit 1 beyond its design lifetime was completed according to the provisions of Section 17, subsection (1) of Government Decree No. 118/2011 (VII.11.) Korm. and Section 1.2.6 of Volume 1 of the Nuclear Safety Codes constituting a schedule to the Decree. The company submitted the licence application to the Nuclear Safety Directorate of the Hungarian Atomic Energy Authority for approval on 5 December 2011.

Activities of MVM Paksi Atomerőmű Zrt. in the Area of Research and Development in 2011

The research and development activities carried out at the nuclear power plant in 2011 were motivated by the objectives to increase the safety of the facility, to meet the requirements set by the authorities and to facilitate the more efficient and reliable generation of electricity. The research and development tasks were aimed at the following major areas of engineering:

- reactor physics, reactor engineering, thermohydraulics;
- ageing and lifetime management, testing of structural materials;
- development of analytical tools to assess accidents and breakdowns;
- development of special test and measuring equipment.

The company only carried out its research and development activities this year, too, by involving university departments, research institutes and specialist companies that have considerable theoretical and experimental background.

4.3.2 Lévai Project – MVM Paks II. Atomerőmű Fejlesztő Zrt. (MVM Paks II Nuclear Power Plant Development Ltd.)

In 2009, Parliament granted its approval in principle to begin the preparation of the establishment of new unit(s) at the Paks Nuclear Power Plant, and the Lévai Project was launched at that time as part of this activity. The Shareholders' Meeting of MVM Zrt. resolved at the end of 2011 that the tasks of the Lévai Project preparing the planned expansion of the nuclear power plant would be carried on by a new subsidiary, MVM Paks II. Atomerőmű Fejlesztő Zrt. as a stand-alone company.

4.3.3 Vértési Erőmű ZRT.

The activities of Vértési Erőmű ZRT. (Vértés Power Plant Ltd.) include sub-bituminous coal mining, electricity and heat generation and the sale of the energy generated. The company operates at the Márkushegy Mine and the Oroszlány Power Plant, and based on the number of its employees, it is one of the largest companies of the region.

Mining

Eocene sub-bituminous coal is produced in the 300-550 m deep underground shafts of the Márkushegy Mine. The only operational deep coal mine in Hungary today provides fuel supply to the Oroszlány Power Plant by producing steam coal.

Electricity Generation and Sales

The Oroszlány Power Plant began electricity generation in 1961 and started district heating and hot water supply to the town of Oroszlány in 1978. A lifetime extension investment (retrofit) programme was carried out at the power plant between 2002 and 2005, as a result of which the sulphur dioxide emissions of the power plant were reduced by several tens of thousands of tonnes. It became possible in the boilers at Oroszlány (in Boiler No. 1 from 2006 as well as in Boiler No. 2 from 2008) to also fire biomass in addition to coal dust.

This company to be established in 2012 will continue the work of analysis, planning, decision preparation and obtaining licences associated with the new nuclear power plant units. MVM Paks II. Zrt. (MVM Paks II Ltd.) will examine all important aspects of the project to allow a responsible decision to be made on the construction of the new unit(s) at Paks, which also forms part of the National Energy Strategy, on the basis of detailed studies and evaluations.

Vértési Erőmű ZRT. sells electricity only to electricity traders, and sells electricity generated from renewable energy sources under a mandatory power purchase scheme.

Heat Supply

The company provides heat supply under long-term framework agreements concluded with Oroszlányi Szolgáltató Zrt. (Oroszlány Service Pte. Ltd.). The quantity of heat sold for the purpose of supplying space heating and domestic hot water to the town of Oroszlány and the locality of Bokod was a total of 338 TJ in 2011.

In 2008, the company was held liable in every case in the lawsuits for damages filed due to the trading transactions concluded for the following year. With regard to its liquidity situation and to avoid complete insolvency, Vértési Erőmű ZRT. filed for bankruptcy protection. Finally, the third creditors' meeting held on 31 January 2011 was closed with a composition in bankruptcy, which restored the solvency of the company. Through the composition in bankruptcy, Vértési Erőmű ZRT. preserved the legal existence of the company and was able to handle the financial consequences of losing the lawsuits.

4.3.4 MVM MIFŰ Miskolci Fűtőerőmű Kft.

The core activity of the company is combined power and heat generation, which it performs at five power generation units. There are three such units at the Tatár utca site in Miskolc, which jointly provide the total heat supply to the heating districts of Central Miskolc and Avas. Five gas engines, each with a capacity of 3.9 MW_e, operate at its Tatár utca Central Heating Plant. A gas-fired boiler plant purchased from Miskolci Hőszolgáltató Kft. (Miskolc Heat Supply Ltd., MIHŐ Kft., MIHŐ Ltd.) on 1 March 2008 and a combined cycle gas turbine power plant with a capacity of 39.6 MW_e, which started its commercial operation on 1 December 2007, also operate there. The other two generation units, the Bulgárföld (1.05 MW_e capacity) and Diósgyőr (3.9 MW_e capacity) Gas Engine Power Plants, meet some of the heat demand of the given districts.

The power plants uniformly use natural gas as fuel, which the company purchases from E.ON Zrt. (E.ON Pte. Ltd.) and from MIHŐ Kft. at the Bulgárföld and Diósgyőr sites.

The Miskolc Central Heating Plant sells the generated heat to MIHŐ Kft. under a long-term agreement. The company also cogenerates electricity with heat, which it sold under the mandatory power purchase scheme (KÁT) until July 2011, and subsequently, due to a change in energy laws (Act XXIX of 2011), in the organised electricity market via a connected balance group.

The company optimises the operating hours (peak, shoulder and off-peak periods) in such a way that it takes into account the tasks associated with full heat supply. It performs preventive maintenance on the equipment depending on the hours of operation completed, based on the manufacturer's instructions.

4.3.5 MVM Észak-Budai Kogenerációs Fűtőerőmű Kft.

The company is responsible for operating a power plant with an electrical capacity of 49.98 MW_e and a thermal capacity of 74 MW_{th} and selling the generated electricity and heat.

The power plant is engaged in combined heat and electricity generation. It sells the heat to FŐTÁV Zrt. (FŐTÁV Pte. Ltd.) under a long-term heat supply agreement. The heat generated there meets the heat demand of the North Buda Heat District. As of July 2011, pursuant to the amendment of the Electricity Act (Act XXIX of 2011), cogeneration

companies were no longer subject to the mandatory power purchase scheme (KÁT), thus MAVIR Zrt. sells the electricity generated by MVM Észak-Budai Fűtőerőmű Kft. through the system of HUPX Zrt.

The power plant is operated by MVM GTER Zrt. under a long-term contract. The maintenance of the gas turbines is carried out by the company TURBOMACH as a contractual partner.

4.3.6 MVM GTER Gázturbinás Erőmű Zrt.

The core activities of MVM GTER Zrt. are the operation of power plant equipment and the sale of reserve capacities. In addition, the Gas Turbine Business Unit is responsible for carrying out upkeep and maintenance works and implementing development tasks specified by its Shareholder, MVM Zrt.

MVM GTER Zrt. leases power plant units from its shareholding parent company under a contract concluded with MVM Zrt., and has been selling their capacity to the System Operator, MAVIR Zrt., under a capacity reservation and power purchase agreement in the market of emergency back-up supply since 1 January 2003 and in the market of one-minute power plant reserve capacities since 1 January 2010.

The electricity generated by the gas turbine power plants is purchased, depending on the purpose of power plant start-ups, by MAVIR Zrt. when the start-up is carried out by the System Operator or by MVM Trade Zrt. in the case of status control test operation.

The company operates the equipment of MVM Észak-Budai Fűtőerőmű Kft. under a long-term agreement for operation and is responsible for the maintenance of their technical condition. The operation and the performance of the maintenance works of the gas turbine power plant of MVM BVMT Bakonyi Villamos Művek Termelő Zrt. were also added to the sphere of activities of the company on 6 October 2011.

4.3.7 MVM Hungarowind Kft.

MVM Magyar Villamos Művek Zrt. purchased MVM Hungarowind Kft. in 2009, which has eight wind turbines with a total installed capacity of 23 MW in the vicinity of Sopronkövesd and Nagylózs in Győr-Moson-Sopron County. In 2011, MVM Hungarowind Kft. sold a total of 41 GWh of electricity generated from a renewable energy source

under the mandatory power purchase scheme (KÁT). The company holds a successful accreditation issued by MAVIR, thus it provided system-level services to MAVIR Zrt. under a contract in 2011.

MVM OVIT Zrt. has been performing the operational tasks of the power plant since 1 March 2011.

4.3.8 MVM BVMT Bakonyi Villamos Művek Termelő Zrt.

The construction of the new simple cycle gas turbine power plant of MVM BVMT Bakonyi Villamos Művek Termelő Zrt. with an electrical capacity of 2x58 MW started at the Ajka site in 2009. The shareholders of the initial project company, MVM Zrt., EUROINVEST Zrt. (EUROINVEST Pte. Ltd.) and Bakonyi Erőmű Zrt., launched the project to greatly improve the controllability of the domestic energy system by meeting peak demand. The power plant had begun its commercial

operation in April 2011, then first entered a power purchase agreement (PPA) followed by an annual trade agreement (ATA) with MVM Trade Zrt. The continuously available power plant generated a total of 11 GWh of electricity in 2011.

Under an agreement between the shareholders of MVM BVMT Zrt., MVM Zrt. acquired a 100% interest in the company on 4 October 2011.

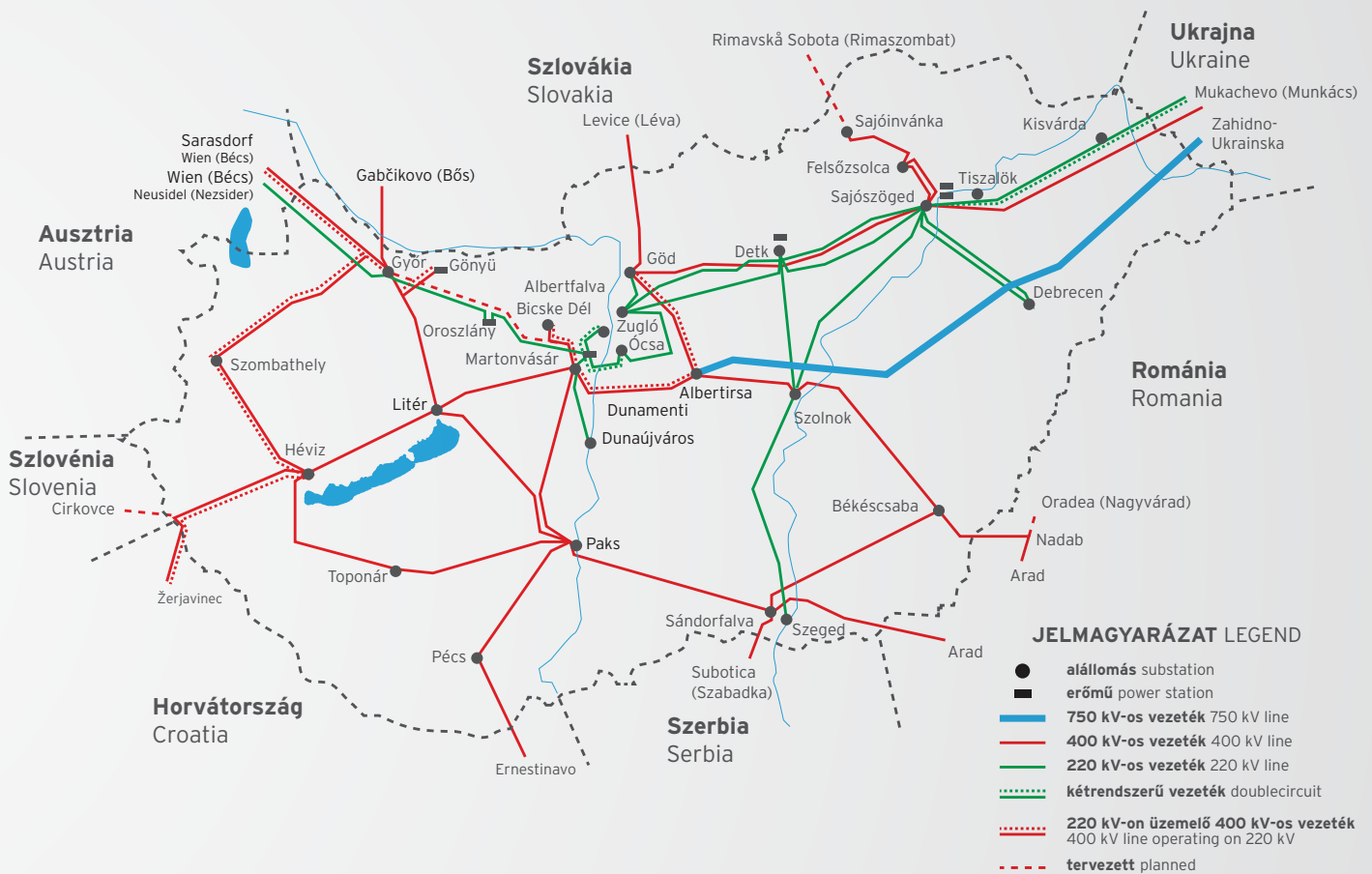
4.4 Transmission and System Operation - MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító ZRt. (MAVIR Hungarian Transmission System Operator Company Ltd.)

In Hungary, high voltage electricity is transported on a single common transmission line network. It is owned and operated by the Hungarian Transmission System Operator, MAVIR ZRt., a member of the MVM Group. At the same time, the Transmission System Operator operates independently of the other member companies of the Holding Company

and the other economic operators using the transmission system. Thus, in accordance with the statutory regulations, MAVIR ZRt., as an organisation independent of the other participants of the electricity system, is responsible for the security of power supply in Hungary and enforcing competition neutrality in the electricity market.

Map presentation of the transmission lines of MAVIR ZRt.

THE HUNGARIAN TRANSMISSION SYSTEM IN 2011 WITH INTERNATIONAL INTERCONNECTIONS



Activities of MAVIR ZRt.:

The Transmission System Operator

- ensures the reliable, efficient and secure operation of the Hungarian electricity system and the availability of the required reserves;
- by providing an appropriate transmission capacity and ensuring the reliability of the system, contributes to maintaining the security of supply;
- ensures the secure, efficient and economical operation, maintenance and development of the transmission system;
- regulates the electricity traffic on the system, also taking into account power exchange with the interconnected systems;

- ensures the uninterrupted operation and further expansion of the electricity market and access on equal terms for system users;
- summarises the data received from the participants of electricity supply;
- provides information to the users of the system which they need to have efficient access to the system;
- coordinates the tasks arising from the cooperation of the European system for the Hungarian electricity system;
- operates the mandatory power purchase scheme and the balance group of the cogeneration power plants;
- participates in the work of international organisations.



Independent Transmission Operator (ITO Model)

The Electricity Directive of the European Union adopted in 2009 obliged, in the interest of market liberalisation, the Member States to unbundle the operation of distribution networks from generation and trade in their energy systems. This Directive was transposed into the Hungarian legislation by Act XXIX of 2011. Within the framework provided by the EU regulation, unbundling was implemented in Hungary through the establishment of an independent transmission operator (ITO). In accordance with the ITO model, as the operator of the transmission system, MAVIR ZRt. became independent of the generation and trading and service activities, but remained a member of a vertically integrated energy company. After studying the opinion of the European Commission, in its Decision No. 200/2012 dated 13 March 2012, the HEO certified that MAVIR ZRt. complied with the unbundling rules.

Development Activities

The required developments of the transmission system are determined by the Network Development Plan of the Hungarian electricity system, which is submitted to the HEO for approval by MAVIR ZRt. every year. The required interventions in the grid are determined and carried out on the basis of the least cost principle.

The company continued the development works rated by the HEO as ones serving public purposes also in 2011, such as the refurbishment of the aged primary and secondary technologies. Simultaneously, it extended the remote control systems with IT solutions and carried out the reconstruction of transmission lines, including the replacement of bundle spacers and insulators and the refurbishment of pylon foundations. During the works, following the practice of previous years, the specialists of MAVIR ZRt. performed overhauls instead of partial repairs.

In 2011, the value of the capital projects of the company was HUF 27,014 million, and the assets commissioned (capitalised) were worth HUF 27,112 million.

Summary of Transmission Line and Substation Developments Carried Out in 2011

Due to the development works, about 572 km of new 400 kV transmission lines and five new transmission system substations were established and the expansion of several substations was completed in Hungary in the past 12 years in accordance with the Network Development Plans. Of these developments, the last ones were as follows:

- The expansion of the Szolnok 220/120/20 kV substation to 400 kV was carried out by splitting the 400 kV transmission line between Albertirsa and Békéscsaba.
- The company began to reconstruct the single-circuit sections of the 400 kV interconnection between Albertirsa and Martonvásár as a double-circuit line in 2010. In 2011, the required field expansion was completed at the Albertirsa substation, and the remaining single-circuit sections of the transmission line were reconstructed. The transmission line was commissioned on 14 December 2011.
- The second phase of the construction of the 400 kV interconnection from Martonvásár through Bicske to Győr, the reconstruction of the current DHE-Oroszlány and Oroszlány-Győr 220 kV transmission line as a 400/220 kV transmission line and the construction of the Bicske-Győr section continued.
- The troubleshooting and refurbishment works of the Detk-Zuglói I 220 kV transmission line arose as unplanned activities. It became necessary to restore Pylon No. 14 damaged by the wind and to replace the conductor cables in full length between the affected tension spans Nos. 13 to 17.

Among the works performed on the basis of the approved Network Development Plan, MAVIR ZRt. performs further substation expansions, and will design and construct new substations near Dunaújváros and Debrecen soon.

4.5 Services Business Unit

4.5.1 Technical Services (Engineering Services, Maintenance and Other Technical Activities)

MVM OVIT Országos Villamostávvezeték Zrt. (MVM OVIT National Power Line Company Ltd.) has been performing the establishment, maintenance and development of high voltage transmission lines and transformer stations for six decades. The operation of this company with great traditions is essentially associated with the Hungarian transmission system and the domestic power plants; in addition, it regularly undertakes establishment, maintenance, refurbishment and development tasks to the order of the domestic power distribution companies, large industrial consumers and foreign partners as well.

The area of operation of MVM OVIT Zrt. covers the whole territory of Hungary. Employing nearly 1,600 persons, the company has sites in a number of regions of the country, such as in Budapest, Paks, Tatabánya, Felsőzsolca, Göd and Bicske. The strategic activities of the company are as follows:

- design, establishment, expansion and refurbishment of transmission lines and substations;
- construction of railway trolley wires;
- maintenance, project management and establishment of power plants;
- manufacture of power plant machines;
- manufacture of industrial steel constructions,
- operation of the power supply system of industrial facilities;
- transport of special, oversized and overweight goods by road, rail and water;
- special service activities;
- manufacture of low voltage auxiliary equipment;
- operation, installation and refurbishment of telecommunications networks.

The services of MVM OVIT Zrt. are mainly used by the companies of the MVM Group (especially MVM Zrt., MAVIR Zrt. and MVM Paksi Atomerőmű Zrt.), but other companies outside the Group (power plants and power network and power distribution companies) are also among its business partners. The Steel Structure Manufacturing and Overweight Transport Business Units also have a significant Western European clientele.

In addition to its energy activities, MVM OVIT also operates a three-star hotel in one of the most beautiful locations of Hungary, Keszthely.

The Business Directorate for the Manufacture of Power Plant Machinery of MVM OVIT Zrt. was established on 1 March 2011, and within that, the Power Plant Machine Manufacturing Plant began its operation. At the Kiskunfélegyháza site, the new plant manufactures power plant and industrial boilers and custom-made machinery and apparatuses (pressure vessels).

MVM OVIT Zrt. was commissioned for the construction of a natural gas interconnection pipeline between Hungary and Slovakia. The company received a natural gas transport licence from the HEO and began to prepare the project. A comprehensive legal examination established that the project required a project company that, having demerged from MVM OVIT Zrt., was suitable for performing its activities subject to a natural gas licence. Therefore, the Natural Gas Directorate established within MVM OVIT Zrt. demerged from the company in 2012, and was transformed into a stand-alone company under the name of Magyar Gáz Tranzit Zrt. (Hungarian Gas Transit Ltd.).

On the initiative of MVM Zrt., MVM OVIT Zrt. purchased the 100% share held by MVM Zrt. in ENERGO-MERKUR Kft. (ENERGO-MERKUR Ltd.) from MVM Zrt., and as a result of the transaction, it became the one-man owner of ENERGO-MERKUR Kft. as of 28 December 2011.

MVM ERBE ENERGETIKA Mérnökiroda Zrt. (MVM ERBE Power Engineering and Consulting Ltd.) is the engineering office of the Group with six decades of professional experience. Its core activity is the provision of comprehensive engineering services, which ensure the preparation, design and implementation and technical and quality management of the capital projects of energy generation, transmission and distribution facilities. It performs its activities in the following areas:

- Power plants and heating plants: power plants utilising fossil fuels (conventional coal-, lignite-, oil- and gas-fired power plants), nuclear power plants, renewable energy-based (wind, biomass, biogas, landfill gas and solar energy) and waste-to-energy power plants and heating plants;
- High voltage transmission lines and substations;
- Environmental protection projects;
- Info-communication solutions.

MVM ERBE Zrt. performs the majority of its business services to the order of the MVM Group, but also participates in various power plant projects and developments in Hungary. Within the MVM Group, **MVM VILLKESZ Villamosipari Kereskedelmi és Szolgáltató Kft. (MVM VILLKESZ Electricity Industry Commercial and Service Providing Ltd.)** is engaged in facility management activities taken in the classical sense. Its other responsibilities include the performance of technical services associated with the operation of power plants (maintenance, installation, transport, forwarding, subcontract washing and dry-cleaning), motor vehicle fleet management, provision of security services for the Group and external market partners and the operation of a printing house.

ATOMIX Kft. is a subsidiary owned 100% by MVM Paksi Atomerőmű Zrt. Its services are essentially used by the owner company. Its major activities are: property and security guard protection, firefighting and environmental cleanup, passenger and freight transport, operation of sports and recreation facilities, restaurant catering, operation of a canteen kitchen, provision of cleaning and laundry services, education and education organisation and temporary placement (borrowing) of employees.

Energo-Merkur Kft. is engaged primarily in the wholesale and retail trade of electrical fittings and cables, as a subsidiary of MVM OVIT Zrt. since 28 December 2011.

MVM Investment Ukrajna Beruházási Kft. (MVM Investment Ukraine Ltd.) is a subsidiary of MVM Trade Zrt. Its core activities include the maintenance and refurbishment of substation equipment in Ukraine.

System Investment Ukraine LV is renting out a shunt choke located in Ukraine to MVM Trade Zrt. The company is the subsidiary of MVM Investment Ukrajna Beruházási Kft.

ER-EF Erőmű Kft. (ER-EF Power Plant Ltd.) and **Bánhida Erőmű Kft.** are currently inactive companies. The latter is the subsidiary of Vértesi Erőmű Zrt.

4.5.2 Administration Services (Information Technology and Accounting Activities)

The main function of **MVM KONTÓ Pénzügyi és Szolgáltató Központ Zrt. (MVM KONTÓ Finance and Accounting Service Centre Ltd.)** is to provide financial, accounting and payroll accounting services to a high standard primarily for the member companies of the MVM Group.

- Financial services: treasury, money transactions (bank, cashier's desk), entry of supplier invoices in the books and invoicing, entry of customer invoices in the books;
- Accounting services: general ledger bookkeeping, asset management; taxation, (monthly, quarterly and annual) closing and drafting of domestic and international reports;
- HR services: payroll accounting including the computation of salaries, wages and social insurance provisions, keeping of staff records, keeping of cafeteria records and settlement of cafeteria invoices.

MVMI Informatika Zrt. provides comprehensive IT services in general economic, technical and administration areas

to the member companies of the MVM Group. **MVMI Zrt.** operates and develops the IT infrastructure of the member companies. Its most important services are: provision of SAP and ORACLE HR services, provision of Asset Suite (PASSPORT) application services for MVM Paksi Atomerőmű Zrt., comprehensive operation of workstations and provision of electronic document management system (EDMS) services for large companies.

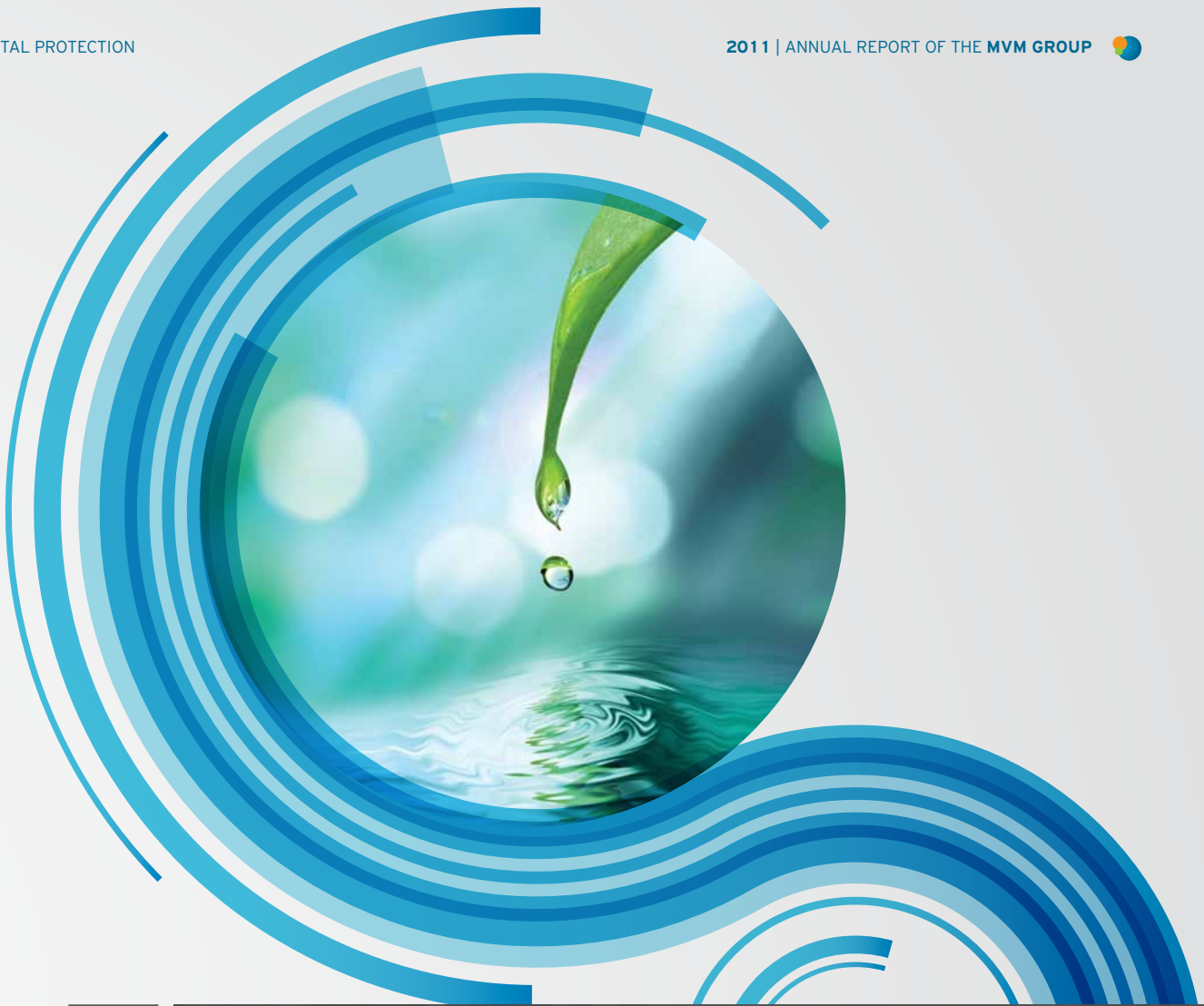
4.5.3 Real Estate Operation and Welfare Services

Római Irodaház Kft. (Római Office Building Ltd.) operates the Central Office Building of the MVM Group, which is located in the office building in its ownership located at H-1031 Budapest, Szentendrei út 207-209. Its activities include the letting of the real estate to the member companies of the MVM Group as well as the maintenance and cleaning of, and the provision of security guard protection services for, the let premises.

MVM Hotel Panoráma Kft. (MVM Hotel Panorama Ltd.) is engaged in the provision of organised holidays and the operation of Hotel Panorama located in Balatongyörök.

MVM Hotel Vértés Kft. (MVM Hotel Vértés Ltd.) is engaged in the provision of organised holidays and the operation of Vértés Conference and Wellness Hotel located in Siófok.

Niker d.o.o. is a subsidiary registered in Croatia and engaged in the provision of organised holidays. It is responsible for the operation of the tourist and food establishment "Pansion ALBATROS" located in Rovinj.



5

ENVIRONMENTAL PROTECTION

5.1 Practice of Environmental Protection Management

In its Environmental Policy, the MVM Group recognises the importance of environmental protection and sustainable development and their economic and social significance. Therefore, the Group treats environmental considerations as a priority in all areas of its activities and expects their enforcement in its business relations, too. By achieving the goals set in the policy, the company efficiently contributes to the improvement of the state of the environment and the increase of its own economic success. Identifying itself with the fundamental principles of sustainability, the company has set it as its goal to reduce the impacts on the environmental components and ecological systems, to cut pollutant emissions and to eliminate the previously occurred environmental damage, and to prevent further environmental damage from being caused at the members of the MVM Group.

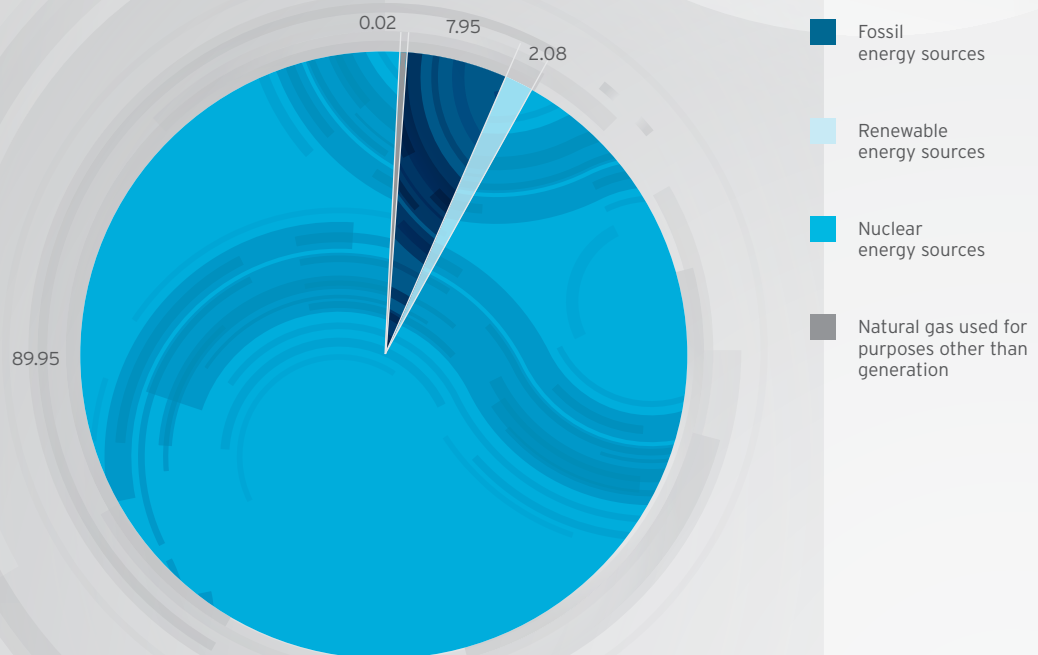
In accordance with the practice of previous years, the Sustainability Report of the MVM Group was prepared in 2011, too, which also presents the most important elements of the environmental protection performance and activities of the Group in detail. The Report is available for reading on both the Internet and intranet websites of MVM Zrt.

A certified Environmental Management System conforming to the specifications of standard ISO 14001:2005 is operated by the following companies:

- MVM Zrt.
- MVM ERBE Zrt.
- MVM Paksi Atomerőmű Zrt.
- MVM OVIT ZRT.
- MVM VILLKESZ Kft.
- MVM GTER Zrt.
- Vértesi Erőmű Zrt.
- MVMI ZRT.

5.2 Energy Sources Used and Emissions Affecting Environmental Protection

Use of primary energy sources in the MVM Group in 2011 (TJ)



MVM Hungarowind Kft. (MVM Hungarowind Ltd.) generated 41,000 MWh of electricity from renewable energy source.

Water use and water discharge by the Group in 2011 ('000 m³)

Quantity of cooling water used	3,103,556
Cooling water discharge	3,099,244
Quantity of process water used	1,626
Process wastewater/used water	708
Quantity of domestic water used	351
Domestic sewage	244

The water management practices of the Group conformed to the relevant laws.

Quantities of auxiliary materials and fuels used in 2011

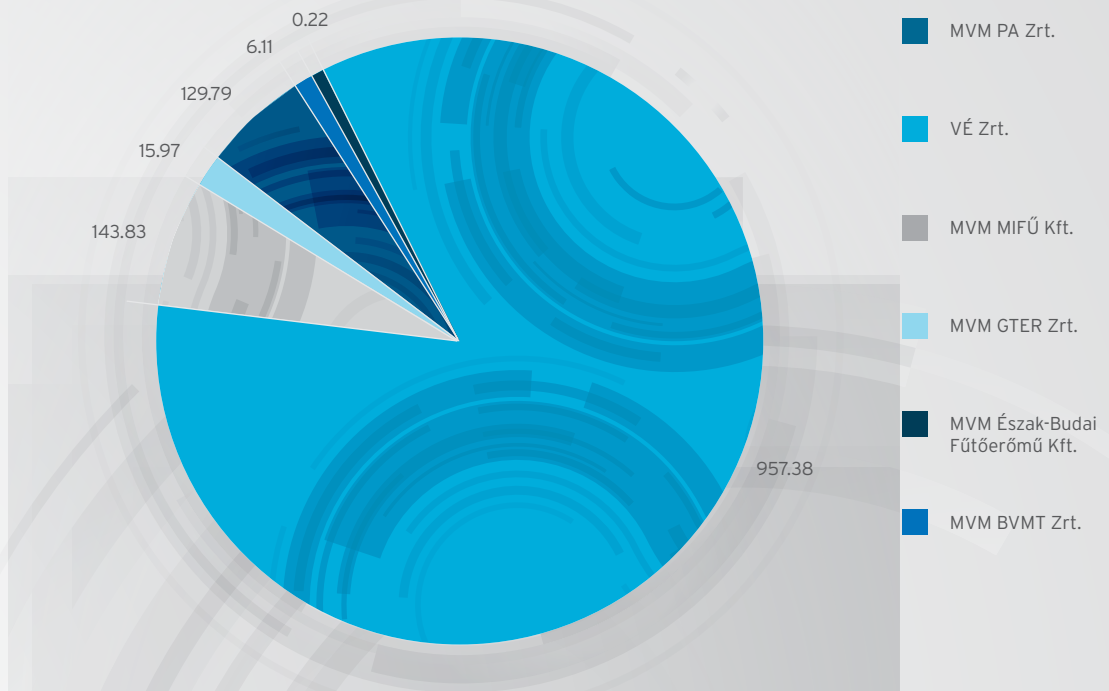
Materials for water-using operations	tonnes	1,115
PCB-free oils	tonnes	11,238
Fuel for motor vehicle fleet	litres	3,337,834
Other materials	tonnes	76,011

SF₆ gas fill and make-up quantities in 2011 (kg)

SF ₆ fill quantity	56,087.41
SF ₆ make-up quantity	664.00

The SF₆ refill ratio is 1.18%, which is less than one-half of the permitted value.

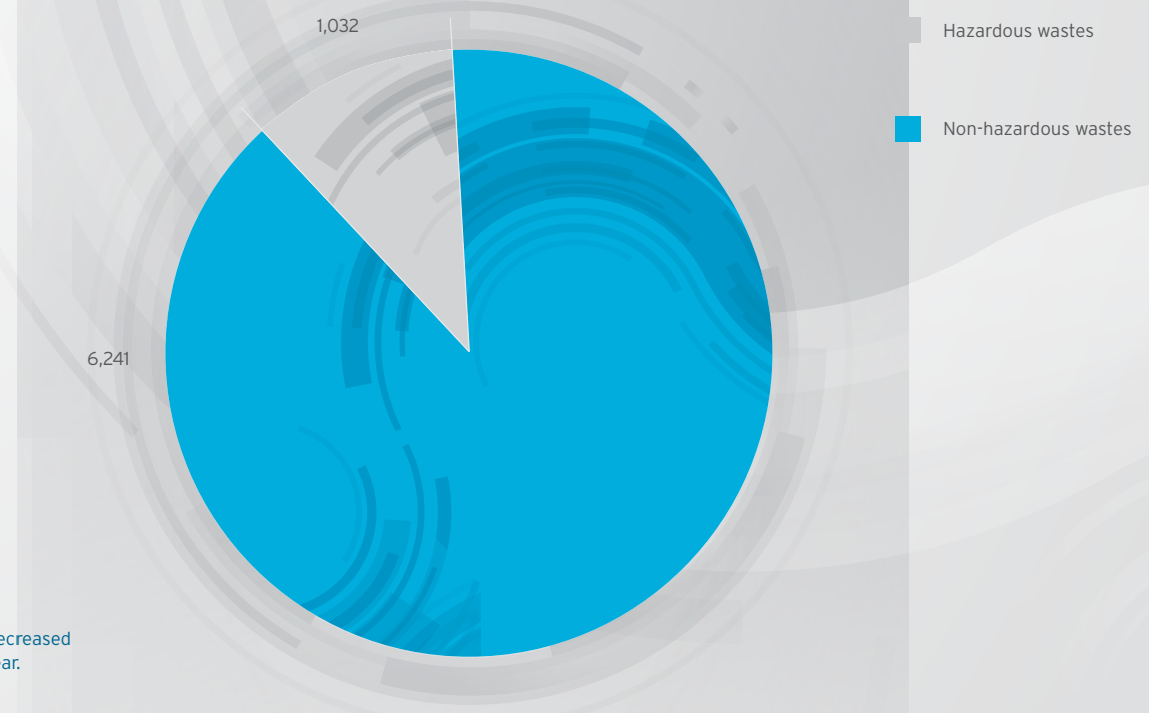
Greenhouse gas emissions of generation companies in 2011 (kilotonnes)



The CO₂ emissions of the MVM Group per useful energy output was 0.07 kg/kWh.
 MVM Paksi Atomerőmű Zrt. (MVM Paks Nuclear Power Plant Ltd.) generated 15.7 million MWh of electricity with negligible carbon dioxide emissions.

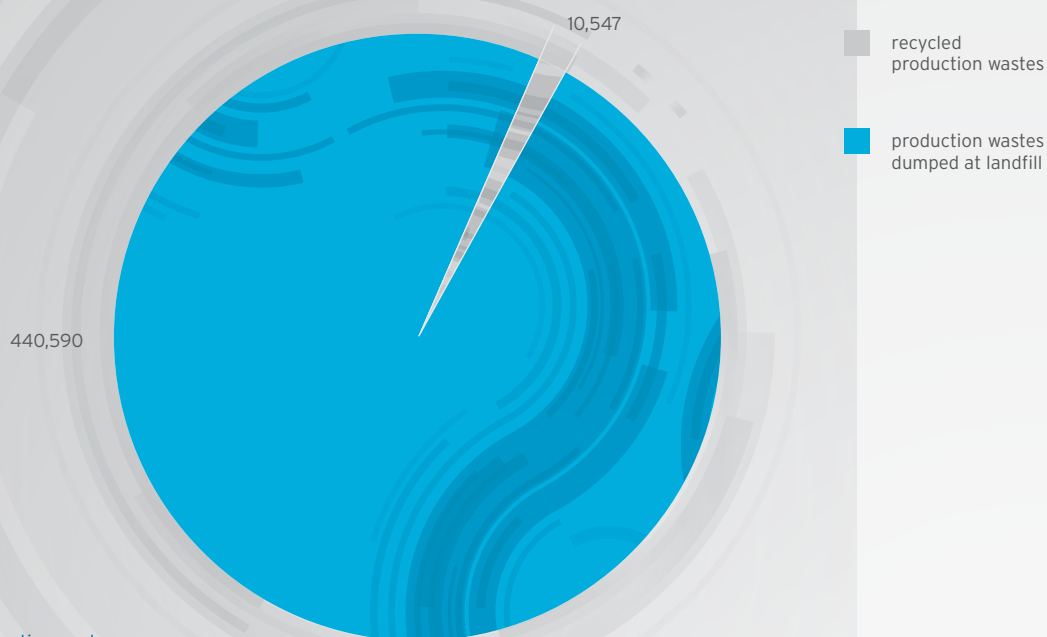
Air pollutant emissions of power plant sites (tonnes)	
Sulphur dioxide	2,069.89
Nitrogen oxides	1,690.89
Particulates	5.55

Wastes produced by the MVM Group in 2011 (tonnes)



The quantity of wastes decreased by 610 tonnes year-on-year.

Disposal of production wastes in 2011 (tonnes)



The quantity of recovered production wastes significantly increased year-on-year.

Emissions and effluents from the MVM Paks Nuclear Power Plant in 2011

Isotope groups	Total emission [Bq]	Actual emissions relative to the emission standards
Gaseous emissions		
Corrosion and fission products	8.76×10^9	1.03×10^{-4}
Radioactive noble gases	3.72×10^{13}	4.34×10^{-4}
Radioiodines	1.05×10^8	1.26×10^{-5}
Tritium	3.69×10^{12}	2.13×10^{-5}
Radiocarbon	3.49×10^{11}	1.12×10^{-4}
Total		6.83×10^{-4}
Liquid effluents		
Corrosion and fission products	1.64×10^9	5.23×10^{-4}
Tritium	2.31×10^{13}	7.95×10^{-4}
Alpha-emitters	1.83×10^5	2.54×10^{-7}
Total		1.32×10^{-3}

The radiation impact of the operation of the nuclear power plant on the environment was negligible also in 2011.

Soil and Groundwater Protection

The post-monitoring of the remediation of the Márkushegy Mine, the planning of the reclamation of the ash lagoons of the Bánhida Power Plant and the Oroszlány Power Plant, and the reclamation of the ash lagoon of the Tatabánya Power Plant are under way at Vértési Erőmű ZRt.

Noise Control

In 2011, complaints were filed by local residents with the operator of the electricity system on two occasions. After noise measurements, a noise barrier wall was constructed at the Pécs substation and the design of a similar wall is under way for the Hévíz substation.

Biodiversity

Within the framework of the artificial nest programme, 412 artificial bird nests were mounted on the transmission line pylons of the transmission system, in which protected birds hatch their eggs. Two hundred and twenty-six saker nestlings left the artificial nests during the year.

Within the Great Bustard Protection Programme, new diverters were installed on the power lines and defective old ones were replaced. The diverters prevent the birds from colliding with the transmission line conductors and being electrocuted.

Eight hundred Fire-fly and KS bird flight diverters were replaced.

5.3 Environmental Capital Projects and Expenditures**Expenses associated with the environmental protection measures and environmental capital projects of the MVM Group (HUF thousand)**

Costs and expenditures	1,816,340.98
Capital projects	3,174,855.34
Total	4,991,196.32

The Group was obliged to pay HUF 5.123 million in environmental fines in 2011.
The number and amount of environmental fines have been group-level performance indicators since 2011.



CORPORATE SOCIAL RESPONSIBILITY

6

It is the goal of the MVM Group to operate as a successful integrated power company, which is important both in the domestic and regional markets. The MVM Group is convinced that in addition to its responsible operation, it must also assume a major role in the support of causes of concern for the whole society, the achievement of the goals of

society and the protection and development of our common values. In 2011, the Group launched a number of spectacular programmes to provide information to, and develop the attitude of, the public, and to familiarise them with environmentally friendly energy sources, such as renewable energies and nuclear energy.

6.1 Communications Activities of the MVM Group in 2011

In 2011, the Group significantly expanded its communications activities, which were previously characterised by the fact that they had mostly aimed at a small group of the professional community. It appeared as a new goal to provide information to the general public and to develop their opinion and attitude. As a result, awareness about, and the corporate reputation of, the MVM Group were enhanced in a measurable way, as demonstrated by professional recognitions, e.g., the Business Superbrands Award and the Hungarian Brands Award.

The three most known and most strongly communicating companies are MVM Magyar Villamos Művek Zrt., which controls the Group, MVM Paksi Atomerőmű Zrt., which provides about 40 per cent of the domestic power output, and the System Operator MAVIR Zrt. Due to their core trading activity and market operations, the two electricity trading member companies of the MVM Group, the wholesaler MVM Trade Zrt. and MVM Partner Zrt., which is active in the small and medium-sized company segment, also appeared with emphasis and much more frequently than before.

6.2 Communications Programmes of the MVM Group in 2011

Energy 2.0

As an outstanding element of the communications programme of the MVM Group, in connection with the programme of the Hungarian Presidency-in-office of the European Union, the Energy 2.0 campaign of the MVM Group was launched on 6 March 2011, the International Energy Saving Day, by which it wanted to promote the energy objectives of the European Union. The Energy 2.0 programme awaited those interested in the use of alternative energies in Erzsébet tér, Budapest until 30 June, the end of the Hungarian presidency. Visitors to the opening event could listen to a concert run exclusively on alternative energies the first time ever in Hungary. The programme series continued at the largest summer festivals, the events of VOLT, Balaton Sound and the Sziget Fesztivál. Several thousand festival participants were curious about the MVM Energy Island, where, in addition to an exhibition focusing on nuclear energy, they could also see interesting devices powered by alternative energy, and could also try out a nuclear power simulator of the MVM Paks Nuclear Power Plant. One of the principal goals of the interactive exhibition was to provide hands-on information to young people about the safe and economical implementation of the lifetime extension and expansion of the nuclear power plant, and to enable them to become familiar with the cleanest energy of Hungary, which does not pollute the environment with carbon dioxide. In autumn, in connection with the European Mobility Week, the company organised the MVM Energy 2.0 Race in Andrásy út, Budapest. Electric, solar powered, modified series production vehicles as well as the prototypes of development and construction companies, knowledge centres and university departments were allowed to enter this race of alternative powered vehicles organised the first time in Hungary and in a European capital.

Travelling Interactive Exhibition of the MVM Paks Nuclear Power Plant

MVM Paksi Atomerőmű Zrt. has been open to those interested since the beginning of its operations, and its visitor centre was visited by more than 10,000 visitors in 2011, too. Due to the positive reception of the travelling exhibition, the Managements of MVM Zrt. and MVM Paksi Atomerőmű Zrt. decided to continue the information programme. The renewed exhibition, enriched with additional interactive elements, set out on its third tour in the country in 2011.

Hands-on Experience of System Operation

Similarly to previous years, as part of the Cultural Heritage Days, MAVIR Zrt. allowed an insight into two, otherwise strictly guarded facilities, which are inaccessible to everyday persons. At the event, the company made the visitors familiar with its bird protection activities along the high voltage network at an interactive demonstration.

6.3 Principles of Sponsorship

The sponsorship and support activities of the Group concentrate on six high priority areas. Its environmental protection programmes include programmes aimed at both national communities and microcommunities living nearby the sites of the member companies. The latter ones are also supplemented by regional development projects. The Sponsorship Strategy focuses on the support of education and research and development within science and of key events, festivals and certain outstanding artists in the area of culture. The sponsorship of successful competitive and recreational sports events as well as the charitable activity of the MVM Group are also significant.

Sustainability Projects

Within its sponsorship programme, MVM donates domestically developed and made solar energy conversion devices working on the principle of solar parabola to social, health care and education institutions.

Environmental Protection and Nature Conservation Programmes

The year 2011 was highly important in the history of the bird protection programme of MAVIR Zrt., since this programme directed attention to the corporate social responsibility activity of the System Operator in connection with the Hungarian presidency of the EU. As an accompanying programme of the presidency, an international bird protection conference was organised on 13 April in cooperation with the Hungarian Ornithological and Nature Conservation Society (HONCS), BirdLife International and the National Civil Fund Programme. The artificial nest camera monitoring programme of MAVIR began simultaneously with the conference, as part of the undertaking made under the Life Programme. With its programme entitled "Bird Protection Along the Transmission System", MAVIR Zrt. participated, both as an exhibitor and a bidder, in the official accompanying event of the Hungarian presidency of the EU, in the CSR market organised on 2 June 2011, where nearly 50 companies presented their achievements in the area of Corporate Social Responsibility.

Charitable Activities

As a key and profitably operating player of the industry, the MVM Group has the moral obligation to support those in poor health, the disadvantaged and the victims of natural disasters. An outstanding programme element of 2011 was the MVM Experience Day, where 600 sick, recovered and disadvantaged children could play and enjoy themselves together, forgetting about their daily problems. Within the European Year of Volunteering, nearly 100 volunteers of the MVM Group also ensured that the MVM Experience Day be the "most beautiful day" of the little ones and their

family members. In addition, the Group also supported the work of a number of foundations that primarily help sick or disadvantaged children by using the funds previously intended for giving out gifts at the end of the year for charitable purposes. The MVM Group considers it important to support the disadvantaged not only in Hungary, but also in the territories of surrounding countries inhabited by Hungarians, therefore, it helped the construction of a children's house of the Rascal Foundation of Şumuleu Ciuc, Romania with a donation.

Solidarity in society is especially important for the employees of the MVM Group. Following the traditions of previous years, the subsidiaries operating in the Central Office Building of the Group in Óbuda organised a "shoe box" campaign at the end of the year; during the campaign, the gifts of the staff packed in shoe boxes were collected for children in need and with a difficult fate, who live in the Temporary Home for Families and Children in the 3rd District of Budapest.

Support of Cultural Values and Sponsorship

The MVM Group considers it especially important to support those who enrich the country with their knowledge and talent. The Hungarian Junior Prima Awards in musical arts, established with the cooperation of MVM Zrt. as co-founder, were presented for the fourth time already in the autumn. Ten talented Hungarian young people could receive the recognition of the Prima Prímissima Foundation and MVM Magyar Villamos Művek Zrt. and the EUR 7,000 accompanying it also in 2011.

MVM Zrt. established the perhaps most outstanding classical music concert series of Hungarian musical life, MVM Concerts, which focuses on presenting one instrument at a time, 14 years ago. World-famous artists who had not given a concert in our country previously or had done so very long ago also made an appearance at the concerts in Hungary.

The MVM Group also played a role in making other culture-supporting initiatives, such as the "Give Opportunity to Talents!" Programme, which enabled 16 young talents to make an appearance before the general public. In addition, the Group has been supporting the Pannonhalma Arts (Arcus Temporum) Festival organised by the Pannonhalma Archabbey since 2005. In 2011, too, MVM also supported the Ghymes Ensemble, holder of the Hungarian Heritage and Kossuth Awards, and the "Museum+" Programme of the Museum of Fine Arts in which the institution awaits visitors until 10 p.m. on Thursdays. The Group also contributed to other cultural events such as the International Gastroblues Festival organised the 19th time or the 15th Taban Festival. Ten concerts and installations were organised in cooperation between MVM and A38 Ship in the past more than one year. Key directions of the Sponsorship Strategy in previous years

were the conservation of cultural values and the nurturing of the national heritage both within and outside Hungary. To this end, MVM provided powerful help to the creation of the two-act dancing, musical comedy of songwriter and singer artist, Béla Tolcsvay, entitled "Sky-promising Tree". The Group also helped the Fire Flower Dance Ensemble, which nurtures the traditions of Hungarian folk dance and regularly tours Europe and other continents.

Competitive and Recreational Sports

The MVM Group and its member companies have been priority sponsors of sporting life for decades, and MVM Paks FC has been an important player in sports in Hungary for long. The Group sponsors domestic and international competitions and local sports clubs. MVM is a Diamond (Principal) Sponsor of the Hungarian Olympic Athletes' Career Programme and also takes part in assisting the work and preparation of the Special Olympic Team. The Sports Club of the Nuclear Power Plant is one of the most outstanding teams in the domestic basketball sport. As one of the important sponsors of this branch of sport, the MVM Group is also a sponsor of the Basketball Clubs of Szekszárd and Kaposvár besides helping the work of the National Hungarian Basketball Federation. MVM Trade ZRt. (MVM Trade Ltd.), the wholesaler member company of the Group, is a sponsor of the Hungarian Football

Federation and the programme of the Hungarian Boxing Association entitled "Take Up the Gloves". In 2011, MVM Zrt. (MVM Ltd.) uniquely combined sports sponsorship and charitable activities, when it gave a special prize for the two winners of the para-equestrian event at the National Gallop.

Promotion of Knowledge-based Society and Support of Regional Projects

It is due to the support of MVM Zrt. that the implementation of the competition paper entitled "Design and Characterisation of Nanostructures in Biomarker, Solar Cell and Magnetometer Applications" of one of the winners of the Momentum Programme, Ádám GALI, and the work of his research team continued at the Solid-state Physics and Optical Research Institute of the Hungarian Academy of Sciences. The Group supported the organisation of the most important international scientific meeting of the world, the MTA World Science Forum, in Budapest in 2011.

The Jövőnk Energiája Térségfejlesztési Alapítvány (Energy of Our Future Regional Development Foundation) established in June 2011 is highly connected with the wide regional development support activity of MVM Paksi Atomerőmű Zrt. The founder provides a grant of HUF 2 billion in total (HUF 500 million per year) for its operation until 2014.

6.4 Domestic and International Consultancy

The members of the MVM Group take an active part in the work of Hungarian and international professional organisations, including the scientific work and advocacy activities of numerous energy, HR management, legal, commercial, quality, environmental, nuclear and engineering organisations and associations. At the request of the Polish

Presidency-in-office of the European Union, the Head of the Maintenance Department of MVM GTER Zrt. participated, as the only Hungarian expert, in the restart of the Vassilikos Power Plant rocked by a devastating explosion in Cyprus.



HUMAN RESOURCES POLICY

7

In order to improve the management system of the MVM Group, it launched a project (CSIR Project) on 3 January 2011, in which it reviews the current management and operational processes. The project is aimed at developing an integrated corporate management system standardised at the group level, based on international standards, as well as operational processes. The group-level organisational structure is determined and the proposal for implementation is worked out on the basis of the results obtained.

Among operational support processes, human resources management has a prominent role; accordingly, the HR function **promoted to the management level of Deputy CEO** for the support of the new Business Strategy of the MVM Group created its functional vision and worked out a group-level HR Sub-strategy.

According to its functional vision, the human resources management unit:

- is a strategic partner of the MVM Group as the regional market leading Group of the industry;
- develops and operates uniform and transparent processes and systems integrated at the group level to motivate and ensure the committed work of executives and staff;
- continuously develops the knowledge and skills of the staff, and offers long-term career opportunities to them to ensure that they achieve the joint goals together with the most outstanding specialists in the industry;
- provides an opportunity of being hired for outstanding applicants from the labour market as the most attractive Group in the industry.

The **Human Coordination Department** was established in 2011 to create a HR Sub-strategy and to work out solutions to the technical and methodological questions of group-level operation. The elaboration of regulation and operation which are uniform at the group level is assisted by the **HR Council**, which consists of the HR executives of the Group.

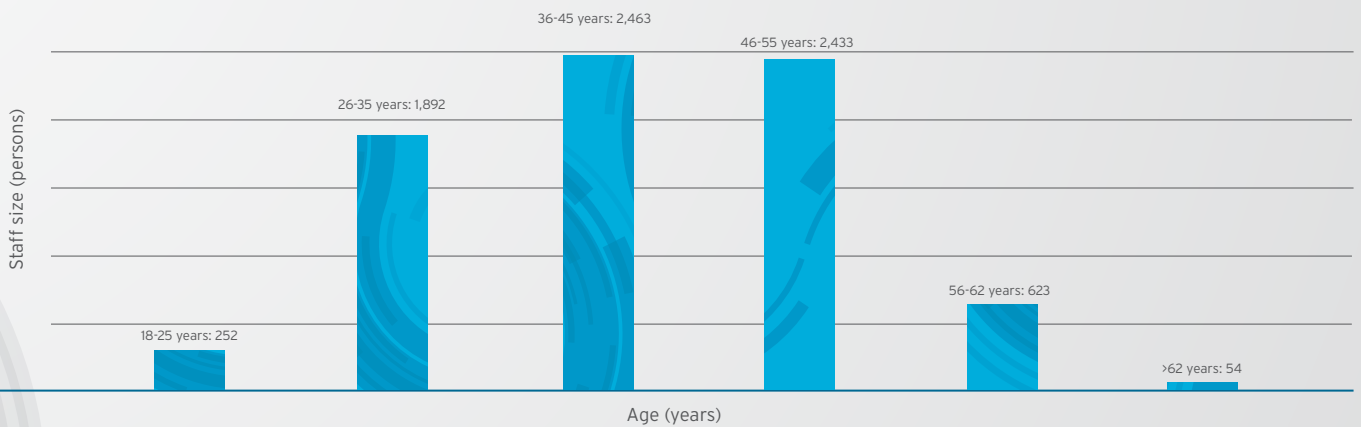
Human resources, organisational efficiency and knowledge management constitute the foundations of the Business Strategy of the MVM Group supported by three main pillars. From this, the cardinal elements of the HR Sub-strategy are:

- flexibility,
- operational efficiency,
- competitiveness and
- competence.

At the end of 2011, 7,664 persons worked at the MVM Group, typically (over 95%) under an indefinite-term employment contract and full time. The proportion of women was 24%.

The breakdown of the employees and officers of the MVM Group by age is shown in the following diagram:

Breakdown of the employees of the MVM Group by age (2011)



The MVM Group pays special attention to its employees' training and in-service training, accident-free work, the development of social and welfare benefits, and actively supports its employees' recreation and sports activities. The MVM Group aims at fair cooperation with the employee

advocacy organizations (trade unions) in order to maintain peace in labour relations and to ensure sustainable growth. The employment of more than 98% of the employees is regulated in collective agreements.

PRINCIPAL FIGURES OF THE COMPANIES BELONGING TO THE GROUP

8

Name	Short name	Activities	Head office	Website
Companies included in full consolidation				
Holding Centre				
MVM Magyar Villamos Művek Zrt.	MVM Zrt.	strategic management, asset management, provision of telecommunications services	H-1031 Budapest, Szentendrei út 207-209.	www.mvm.hu
Trading Business Unit				
MVM Trade Villamosenergia Kereskedelmi Zrt.	MVM Trade Zrt.	electricity trade	H-1031 Budapest, Szentendrei út 207-209.	www.mvmtrade.hu
MVM Partner Energiakereskedelmi Zrt.	MVM Partner Zrt.	wholesale and retail trade of electricity	H-1031 Budapest, Szentendrei út 207-209.	www.mvmp.hu
MVM-ADWEST Marketing und Handels GmbH	MVM-Adwest GmbH	electricity trade in the competitive market	Wienerbergstr. 7, A-1100 Wien, Austria	www.mvm-adwest.at
HUPX Magyar Szervezett Villamosenergia-piac Zrt.	HUPX Zrt.	operation of power exchange	H-1031 Budapest, Záhony utca 7.	www.hupx.hu
CEEGEX Közép-Kelet-Európai Szervezett Földgázpiac Zrt.	CEEGEX Zrt.	operation of power exchange	H-1031 Budapest, Záhony utca 7.	
HUPX Derivatív Zrt.	HUPX Derivatív Zrt.	operation of power exchange	H-1031 Budapest, Záhony utca 7.	
MVM Trade Poland Sp. z o.o.	MVM Trade Poland Sp. z o.o.	electricity trade	ul. Wyrzeże Kościuszkowskie 43/4, 00-347 Warsaw, Poland	
MVM Partner d.o.o.	MVM Partner d.o.o.	electricity trade	Ilica 1, 10000 Zagreb, Croatia	
MVM Partner Bucharest S.r.l.	MVM Partner Bucharest S.r.l.	electricity trade	Stirbei Voda St. 26-28, Union International Center II, 5th Floor, Office 20, 1st District, Bucharest, Romania	
MVM Partner Energija, družba za energijo d.o.o.	MVM Partner Energija d.o.o.	electricity trade	Slovenska Cesta 56, 1000 Ljubljana, Slovenia	
MVM Partner Serbia d.o.o. Beograd	MVM Partner Serbia d.o.o.	electricity trade	Nehrouva St. 132/13, Belgrade, Serbia	-

Name	Short name	Activities	Head office	Website
Companies included in full consolidation				
Power Generation Business Unit				
MVM Paksi Atomerőmű Zrt.	MVM PA Zrt.	electricity generation from nuclear fuel and heat generation	H-7031 Paks, Pf.: 71, topographical lot No. 8803/10	www.atomeromu.hu
Vértesi Erőmű Zrt.	VÉ Zrt.	electricity and heat generation, electricity trade, coal mining	H-2841 Oroszlány, Outer Areas, topographical lot No. 0718/5	www.vert.hu
Mátrai Villamos Művek Termelő Zrt.	MVMT Zrt.	establishment of the Visonta lignite-fired power plant	H-3271 Visonta, Erőmű utca 11.	-
MVM BVMT Bakonyi Villamos Művek Termelő Zrt.	MVM BVMT Zrt.	establishment of the Ajka gas turbine peaking power plant	H-8400 Ajka, Factory Site, topographical lot No.1961	-
Kárpát Energo Kereskedelmi és Szolgáltató Zrt.	Kárpát Energo Zrt.	establishment of the Vásárosnamény combined cycle power plant	H-1031 Budapest, Szentendrei út 207-209.	www.karpatenergo.hu
MVM MIFŰ Miskolci Fűtőerőmű Kft.	MVM MIFŰ Kft.	heat generation (heat supply to Miskolc) with electricity cogeneration	H-3531 Miskolc, Tatár u. 29/b.	-
MVM Észak-Budai Kogenerációs Fűtőerőmű Kft.	MVM Észak-Budai Fűtőerőmű Kft.	heat generation (heat supply to the North Buda Region) with electricity cogeneration	H-1037 Budapest, Kunigunda út 49.	-
MVM Hungarowind Szélerőmű Üzemeltető Kft.	MVM Hungarowind Kft.	owner and operator of a 23 MW wind farm	H-1031 Budapest, Szentendrei út 207-209.	www.hungarowind.hu
MVM GTER Gázturbinás Erőmű Zrt.	MVM GTER Zrt.	operation of hydrocarbon-fired quick-start back-up gas turbine power plants owned by MVM Zrt.	H-2040 Budaörs, Kinizsi u. 26.	www.gter.hu

Name	Short name	Activities	Head office	Website
Companies included in full consolidation				
TSO Business Unit				
MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító ZRt.	MAVIR ZRt.	direction of the operation of the electricity system, operation and development of the transmission system	H-1031 Budapest, Anikó utca 4.	www.mavir.hu
Services Business Unit				
Technical Services				
MVM OVIT Országos Villamostávvezeték ZRt.	MVM OVIT ZRt.	maintenance and establishment of the power lines of the transmission system; maintenance, operation and monitoring of the telecommunications network	H-1158 Budapest, Körvasút sor 105.	www.ovit.hu
MVM ERBE ENERGETIKA Mérnökiroda Zrt.	MVM ERBE Zrt.	power engineering services, design of power engineering facilities and project management	H-1117 Budapest, Budafoki út. 95.	www.erbe.hu
MVM VILLKESZ Villamosipari Kereskedelmi és Szolgáltató Kft.	MVM VILLKESZ Kft.	electrical services tasks, operation, guarding and maintenance of facilities	H-2040 Budaörs, Kinizsi u. 26.	www.villkesz.hu
ATOMIX Kereskedelmi és Szolgáltató Kft.	Atomix Kft.	a subsidiary of Paks NPP Ltd., provides mostly services associated with the operation of facilities on the premises of Paks NPP Ltd.	H-7030 Paks, Gesztenyés u. 2.	www.atomix.hu
ENERGO-MERKUR Villamosenergiaipari Kereskedelmi és Szolgáltató Kft.	ENERGO-MERKUR Kft.	wholesale and retail trade of electrical fittings and cables	H-1239 Budapest, Grassalkovich u. 255.	www.energo-merkur.hu
MVM Investment Ukrajna Beruházási Kft.	MIU Beruházási Kft.	maintenance and refurbishment of substation equipment in Ukraine, a subsidiary of MVM TRADE Ltd.	H-1031 Budapest, Szentendrei út 207-209.	-
System Investment Ukraine LV	-	ownership of substation equipment (shunt chokes) in Ukraine, a subsidiary of MVM Investment Ukraine Ltd.	Fedorova Square 5, 89600 Mukacevo, Ukraine	-
ER-EF Erőmű Kft.	-	no operative activity is performed at present	H-1126 Budapest, Béla király út 30/c	-
Bánhida Erőmű Kft.	Bánhida Erőmű Kft.	electricity generation (currently suspended), a subsidiary of Vértes PP Ltd.	H-2800 Tatabánya, Környei út 38.	-

Name	Short name	Activities	Head office	Website
Companies included in full consolidation				
Administration Services				
MVM KONTÓ Pénzügyi és Számviteli Szolgáltató Központ ZRt.	MVM KONTÓ ZRt.	provision of financial and accounting services to the companies of the Group	H-7030 Paks, Gagarin u. 1.	-
MVMI Informatika ZRt.	MVMI Zrt.	provision of comprehensive information technology services (infrastructure, operation of application systems, customer service and services management) to the companies of the Group	H-7030 Paks, Dózsa Gy utca 30-32.	www.mvmi-informatika.hu
Real Estate Operation and Welfare Services				
Római Irodaház Kft.	-	operation of the Central Office Building	H-1031 Budapest, Szentendrei út 207-209.	-
MVM Hotel Vértes Kft.	-	provision of organised holidays (operation of a hotel in Siófok), a subsidiary of Vértes PP Ltd.	H-8600 Siófok, Battyhány u. 24.	www.hotelvertes.hu
MVM Hotel Panoráma Kft.	-	provision of organised holidays (operation of a hotel in Balatongyörök), a subsidiary of Vértes PP Ltd.	H-8313 Balatongyörök, Petőfi S. u. 5.	www.hotelpanorama.hu
NIKER d.o.o. Kereskedelmi Kft.	-	operation of the tourist and food establishment "Pansion ALBATROS" (Rovinj, Croatia)	52210-Rovinj, Valbruna II. Jug, Croatia	-

Name	Short name	Activities	Head office	Website
Companies included in consolidation as associated companies				
Joint ventures:				
Powerforum Zrt.		operation of an electronic electricity trading and information platform	H-1031 Budapest, Szentendrei út 207-209.	www.powerforum.hu
EKS-Service Kft.	-	corrosion protection of the components of power transmission lines	H-1158 Budapest, Késmárk u. 24-28.	www.eks.hu
Associated companies:				
Dunamenti Erőmű zrt.	DE Zrt.	a company engaged in hydrocarbon-based electricity generation	H-2440 Százhalombatta, Erőmű u. 2.	www.electrabel.hu/content/corporate/dunamenti_hu
Mátrai Erőmű ZRT.	ME ZRT.	a company engaged essentially in electricity generation and associated coal mining activities	H-3271 Visonta, Erőmű utca 11.	www.mert.hu
Zsigmondy Vilmos Harkányi Gyógyfürdőkörház Kht.	-	a company engaged in the provision of organised holidays	H-7815 Harkány, Zsigmondy sétány 1.	www.harkanykorhaz.hu
MM Energy Corporate Finance Berátungs GmbH	-	a Vienna-based company engaged in financial consulting	Bauernmarkt 2, A-1010 Wien, Austria	-
Biomassza Erőművek Egyesülése	-	support and advocacy of biomass-fired power plants	H-7630 Pécs, Edison u.1.	www.biomasszaeromuvek.hu
Dél-Dunántúli Humán Erőforrás Közhasznú Nonprofit Kft.	Dél-Dunántúli Humán Erőforrás Kht.	human resources, social services	H-7030 Paks, Dózsa Gy.u.95. I/110.	-
Technopark Ukraine LV	-		Ukraine	-



The image features a decorative graphic on the left side, consisting of several overlapping, concentric circular bands in various shades of blue. These bands are not perfectly circular but have a wavy, organic quality, resembling stylized waves or a modern logo. The colors range from a light sky blue to a deep, vibrant blue. The graphic is positioned on the left side of the page, leaving the right side mostly blank white space.

www.mvm.hu