MVM GROUP 2014 ANNUAL REPORT

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Structure of the MVM Group

The MVM Group is the leading energy company in Hungary, a vertically integrated energy group the operations of which cover the business areas of electricity generation, electricity transmission system operation, electricity trade, natural gas infrastructure, natural gas trade, technical services and infocommunication. In addition to its market role in Hungary, the MVM Group wishes to become a key company group at the regional level, too.

As at 31 December 2014, regarding ownership rights, the MVM Group consisted of one parent company, 38 subsidiaries, one joint management company, six associated companies and 11 other interests, i.e. 57 companies in total.

As compared to the situation in 2013, the number of fully consolidated companies increased by four member companies (MVM BSZK Zrt., MVM Oroszlányi Erőműfejlesztő Zrt., MFGK Austria GmbH and MVM Partner DOOEL Skopje) in 2014. MVM Zrt. sold its 100% interest in MVM Paks II Atomerőmű Fejlesztő Zrt. and its 49.98% interest in Magyar Gáztranzit Zrt. to Magyar Nemzeti Vagyonkezelő Zrt. in 2014. MVM Zrt. sold its 49.83% interest in FŐGÁZ Zrt. to MFB Zrt. and MFB Invest Zrt. The following companies were also withdrawn from the group of consolidated companies in 2014 due to transformation or the completion of voluntary liquidation proceedings.

COMPANIES DISSOLVED DUE TO THE TERMINATION OF VOLUNTARY LIQUIDATION PROCEEDINGS
MVM Partner Energija d.o.o.
MVM Trade Poland Sp.z.o.o.
MM Energy Corporate Finance Beratungs GmbH
ER-EF Erőmű Kft. (in voluntary liquidation)

COMPANIES DISSOLVED THROUGH LEGAL SUCCESSION DUE TO TRANSFORMATION
Bánhida Erőmű Kft. merged into Vértesi Erőmű Zrt. on 31 December 2013.
• MVM BVMT Zrt. merged into MVM GTER Zrt. on 31 August 2014.

On the basis of the guidelines set in the group-level accounting policy, four subsidiaries and one joint management company were exempted from full consolidation (Kárpát Energo Zrt. [in liquidation], Mátrai Villamos Művek Termelő Zrt. [in voluntary liquidation], MVM Investment Ukraine Kft., MVM-Adwest Marketing GmbH [in voluntary liquidation] and EKS Service Kft.).

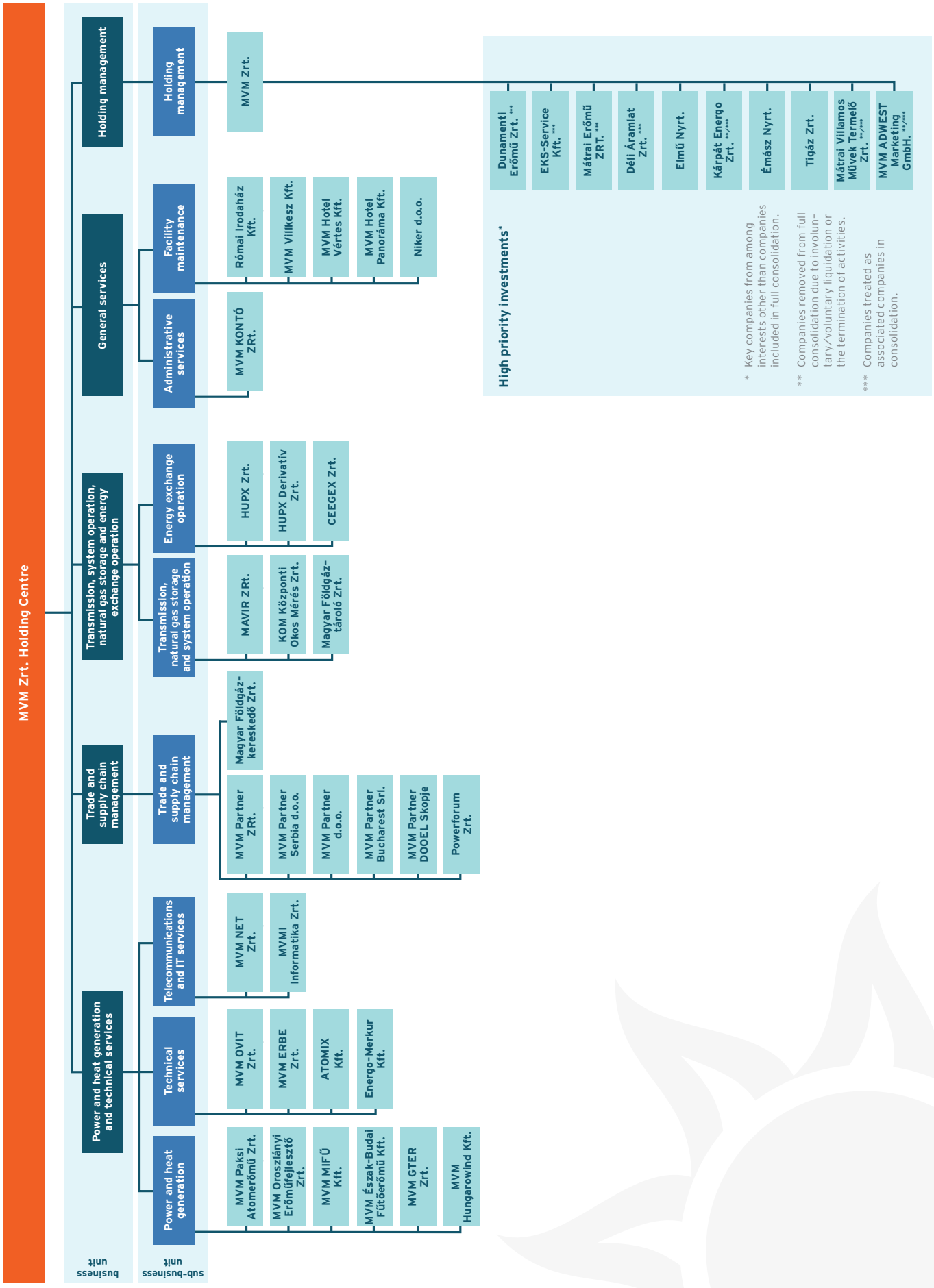
Since 1 June 2007, the Holding has been operating as a what is called Recognised Corporate Group. The legal framework for the transformation of the management system was provided for by Act IV of 2006 on Business Associations, which entered into force on 1 July 2006. This is also allowed by Act V of 2013 on the Civil Code, which entered into force on the 15th March 2014. The statutory regulation makes it possible, through the introduction of the institution of 'Recognised Corporate Group', for companies which are independent—have a parent company-subsidiary relationship but, in a business sense, are nevertheless 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 MVM Group by using a single set of means and instruments in order to achieve the strategic goals of the MVM Group.

The new management system is not an objective, but a modern instrument to improve the competitiveness and to increase the value of the MVM Group. 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., now coordinates 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:

- MVM Paksi Atomerőmű Zrt.
- MVM OVIT Országos Villamostávvezeték Zrt. (MVM OVIT Zrt.)
- MVM Partner Energiakereskedelmi ZRt. (MVM Partner ZRt.)
- MVM GTER Gázturbinás Erőmű Zrt. (MVM GTER Zrt.)
- MVM MIFŰ Miskolci Fűtőerőmű Kft. (MVM MIFŰ Kft.)
- MVM Észak-Budai Kogenerációs Fűtőerőmű Kft. (MVM Észak-Budai Fűtőerőmű Kft.)
- MVM ERBE ENERGETIKA Mérnökiroda Zrt. (MVM ERBE Zrt.)
- MVM VILLKESZ Villamosipari Kereskedelmi és Szolgáltató Kft. (MVM VILLKESZ Kft.)[1]
- MVMI Informatika Zrt. (MVMI Zrt.)
- MVM KONTÓ Pénzügyi és Számviteli Szolgáltató Központ ZRt. (MVM KONTÓ ZRt.)
- Vértesi Erőmű Zrt.
- ATOMIX Kereskedelmi és Szolgáltató Kft. (ATOMIX Kft.)
- ENERGO-MERKUR Villamosenergiaipari Kereskedelmi és Szolgáltató Kft. (ENERGO-MERKUR Kft.)
- MVM HOTEL PANORÁMA Kft.
- MVM Hotel Vértes Kereskedelmi és Szolgáltató Kft. (MVM Hotel Vértes Kft.)
- MVM NET Távközlési Szolgáltató Zrt. (MVM NET Zrt.)
- MVM Hungarowind Szélerőmű Üzemeltető Kft. (MVM Hungarowind Kft.)

[1] It merged into MVM GTER Zrt. on 31 March 2015.


MVM Zrt. Holding Centre
business unit
sub-business unit
Holding management
Holding management
MVM Zrt.
General services
Facility maintenance
Római Irodaház Kft.
MVM Villkesz Kft.
MVM Hotel Vértes Kft.
MVM Hotel Panoráma Kft.
Niker d.o.o.
Administrative services
MVM KONTÓ ZRt.
Transmission, system operation, natural gas storage and energy exchange operation
Energy exchange operation
HUPX Zrt.
HUPX Derivatív Zrt.
CEEGEX Zrt.
Transmission, natural gas storage and system operation
MAVIR ZRt.
KOM Központi Okos Mérés Zrt.
Magyar Földgáz-tároló Zrt.
Trade and supply chain management
Trade and supply chain management
Magyar Földgáz-kereskedő Zrt.
MVM Partner ZRt.
MVM Partner Serbia d.o.o.
MVM Partner d.o.o.
MVM Partner Bucharest Srl.
MVM Partner DOOEL Skopje
Powerforum Zrt.
Power and heat generation and technical services
Telecommunications and IT services
MVM NET Zrt.
MVMI Informatika Zrt.
Technical services
MVM OVIT Zrt.
MVM ERBE Zrt.
ATOMIX Kft.
Energo-Merkur Kft.
Power and heat generation
MVM Paksi Atomerőmű Zrt.
MVM Oroszlányi Erőműfejlesztő Zrt.
MVM MIFŰ Kft.
MVM Észak-Budai Fűtőerőmű Kft.
MVM GTER Zrt.
MVM Hungarowind Kft.
High priority investments*
Dunamenti Erőmű Zrt. ***
EKS-Service Kft. ***
Mátrai Erőmű ZRT. **
Déli Áramlat Zrt. ***
Elmű Nyrt.
Kárpát Energo Zrt. **/***
Émász Nyrt.
Tigáz Zrt.
Mátrai Villamos Művek Termelő Zrt. **/***
MVM ADWEST Marketing GmbH. **/***
* Key companies from among interests other than companies included in full consolidation.
** Companies removed from full consolidation due to involuntary/voluntary liquidation or the termination of activities.
*** Companies treated as associated companies in consolidation.

Major events in 2014

MVM Zrt. signed a share purchase agreement with RWE Holding on purchasing a block of shares representing a 49.83% interest in FŐGÁZ Zrt. on 18 Dec 2013. MVM Zrt. paid the consideration for the block of shares on 14 Apr 2014 and fulfilled the conditions for closing the transaction as specified in the Share Purchase Agreement. The MVM Group expanded its Natural Gas Trading Business Unit, and also entered the universal service and distribution market.

Gov. Resolution No. 1545/2014 (IX.29.) called upon the Minister for National Development and the Minister leading the Prime Minister's Office to prepare a transaction aimed at the acquisition by MFB Zrt. of the interest held by MVM Zrt. in FŐGÁZ Zrt. by 31 Dec 2014. The transaction of the sale of the interest held by MVM Zrt. in FŐGÁZ Zrt. was closed on 29 Dec 2014.

The Shareholders' Meeting of MVM Zrt. decided to sell its interest in Magyar Gaztranzit Zrt. on 30 Sept, after Gov. Resolution No. 1455/2014 (VIII. 14.) prescribed the ownership unbundling of the company. The transaction was closed on 27 Nov 2014. The purchase price was transferred to MVM Zrt. on 16 Dec 2014 following the amendment of the 2014 Budget Act.

On 19 Nov 2014, MVM Zrt. and a member of the MOL Group, Slovnaft a.s., made a joint non-binding offer to purchase a 66% block of shares in Slovenské Elektrárne a.s. held by ENEL SpA.

The Shareholders' Meeting of MVM Zrt. decided on 15 Oct to transfer shares in MVM Paks II Atomerőmű Fejlesztő Zrt. to the Hungarian State through MNV Zrt. Closing took place on 11 Nov 2014 with the simultaneous payment of the purchase price by MNV Zrt. to MVM Zrt., whereby the company was transferred to the ownership of the Hungarian State and MNV Zrt. as the entity exercising the relevant rights.

MVM Zrt. signed a long-term investment loan agreement for a max. amount of EUR 100 million with the European Investment Bank (EIB). The purpose of the loan is to finance 22 high priority projects related to key elements of the Hungarian energy system. The MVM Group will use the EIB loan for 18 domestic transmission network development projects and four natural gas storage facility refurbishment projects.

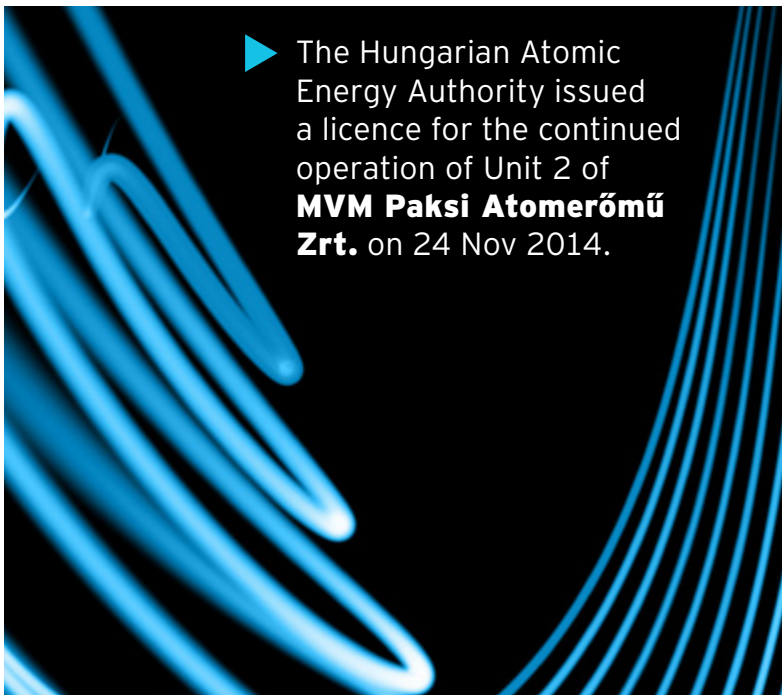
The natural gas industry in Ukraine, which has been in crisis since Nov 2013, is also compelled to face problems. In the interest of the security of natural gas supply to Hungary, the Shareholders' Meeting of MVM Zrt. decided to take out a shareholder's loan of HUF 100 billion provided by MNV Zrt. In order to increase the security of supply, Magyar Földgázkereskedő Zrt. purchased a natural gas stock of 800 million m^3 from the above amount.

In keeping with the strategic guidelines of MVM Zrt., on 15 Oct the Shareholders' Meeting of the company decided that MVM purchases a 90% interest in the Romanian company owning and operating the 7.48 MW Úz-völgyi Vízerőmű in Transylvania, Romania. The transaction will be closed in 2015.

On 01 Dec 2014, at his press conference held during his visit to Ankara, Russian President Vladimir Putin announced that the South Stream could not be implemented at that time. According to Gazprom President Alexei Miller, too, the project was closed. At the same time, no official notice has been received yet from Gazprom by either MVM Zrt. or Déli Áramlat Magyarország Zrt.

The Hungarian Atomic Energy Authority issued a licence for the continued operation of Unit 2 of MVM Paksi Atomerőmű Zrt. on 24 Nov, thus Unit 2 may operate until 31 Dec 2034.

On 12 Dec, the Shareholders' Meeting decided to increase the registered capital of MVM Zrt. by HUF 37.2 billion, which was registered in Jan 2015.



The MVM Group in figures

The MVM Group realised an EBITDA of HUF 103 billion against sales of HUF 1,195 billion, which is HUF 273 billion higher than in the previous year, and closed 2014 with a loss before tax of HUF 7.7 billion. In accordance with the intent of the Government, the Group owned in majority by the State assumed a significant role in cutting the price of electricity and natural gas.

Net sales amounted to HUF 1,194.8 billion in 2014, which is a HUF 272.8 billion increase relative to the base year. The increase is associated with the sales revenue-increasing effect of the natural gas companies (Magyar Földgázkereskedő Zrt. and Magyar Földgáztároló Zrt.), because these companies were included among the consolidated companies of the MVM Group on 30 September 2013, thus they were included only with their Q4 figures in the 2013 Profit and Loss Account, while they appeared with their figures for the whole year in 2014. Another significant factor affecting sales is the decrease in the sales generated by the electricity trading activity of MVM Partner ZRt.

The HUF 971.1 billion value of material-type expenses in 2014 exceeds the corresponding figure for the previous year by HUF 262.7 billion. The reason for the increase is the effect of the natural gas companies mentioned in relation to the increase in sales, which was offset by decreasing expenditures incurred in electricity trade.

The HUF 35.4 billion value of trading profits were significantly affected by one-off items. The amount accounted for as loss in value and unscheduled depreciation is HUF 37.6 billion in the reference year, which exceeded the corresponding figure for the previous year by HUF 31.6 billion.

The profit on financial transactions decreased by HUF 27.9 billion compared to 2013. One of the reasons for this was a loss incurred on derivative transactions. Further losses were caused by one-off items such as a loss in value of HUF 4.5 billion accounted for a 25% interest in the Dunamenti Erőmű Zrt. and a loss in value of HUF 1.4 billion accounted for the South Stream Project suspended by the Russian party.

The profit before tax of HUF 6.5 billion was burdened by a tax liability of HUF 14.3 billion, which is HUF 4.0 billion less than in the previous year.

DEVELOPMENT OF PROFIT IN MVM GROUP (M HUF)	2013	2014
TRADING PROFIT/(-)LOSS	**52,295**	**35,416**
Net sales	922,021	1,194,828
Own performance capitalised	19,805	25,783
Other income	46,386	76,240
Material-type expenses	708,381	971,116
Staff costs	83,664	89,972
Depreciation charge	54,012	67,859
Other operating expenses	89,860	132,488
PROFIT/(-)LOSS ON FINANCIAL TRANSACTIONS	**-122**	**-28,006**
Income from financial transactions	24,293	49,719
Expenses from financial transactions	24,415	77,725
PROFIT ON ORDINARY ACTIVITIES	**52,173**	**7,410**
EXTRAORDINARY PROFIT/(-)LOSS	**-1,640**	**-922**
Extraordinary incomes	325	5,540
Extraordinary expenses	1,965	6,462
PROFIT/(-)LOSS BEFORE TAX	**50,533**	**6,488**
Tax liability	18,218	14,256
PROFIT AFTER TAX	**32,258**	**-7,768**
Use of profit reserve for dividends, profit shares	0	0
Approved dividends and profit shares	10,187	2
RETAINED PROFIT FOR THE YEAR	**22,071**	**-7,770**
DONATIONS	**6,737**	**3,756**

TECHNICAL AND ECONOMIC KEY INDICATORS OF MVM GROUP	unit	2013	2014
Installed capacity of power plants	MW_e	2,903	2,903
Electricity output (gross)	GWh	16,520	16,629
Electricity sold	GWh	27,362	30,527
Electricity purchased	GWh	11,095	14,056
Heat sold	TJ	2,982	2,280
EBITDA	M HUF	106,359	103,326
Total assets	M HUF	1,424,630	1 493,967
Shareholders' equity	M HUF	704,404	705,638
Fixed assets	%	62.3	54.72
Rate of Returns on Assets (ROA)	%	2.3	-0.52
Rate of Return Equity (ROE)	%	4.6	-1.1
Rate of Return on Sales (ROS)	%	3.5	-0.65
Earnings Per Share (EPS)	HUF	951.17	-229.05
Net debt / Shareholders' equity	-	0.29	0.21
Net debt / EBITDA	-	1.91	1.44
EBITDA / interest paid	-	14.75	10.02
Operating cash flow	M HUF	-149,509	48,331
Capital projects	M HUF	58,518	45,304
Average headcount	persons	7,942	8,299

The shareholders' equity of the MVM Group increased by 0.18%, i.e., HUF 1.2 billion in absolute amount, relative to the base year. Due to the efficient business operations of the Group, despite an unfavourable market environment, no capital increase by the shareholder was required in connection with its operations in 2014.

The Group's opening headcount of 8,193 in 2014 increased to 8,290 by the end of the year. The staff costs of the Group amounted to HUF 90 billion in 2014.

Key financial data of subsidiaries

MEMBER COMPANIES INCLUDED IN THE FULL CONSOLIDATION OF THE MVM GROUP	Net sales			Operating expenses		
	2013	2014	'14 / '13	2013	2014	'14 / '13
	HUFm	HUFm	%	HUFm	HUFm	%
MVM Zrt.	9,630	11,310	+17.4	22,693	33,615	+48.1
MVM Paksi Atomerőmű Zrt.	185,528	172,902	-6.8	149,407	157,197	+5.2
MVM Paks II. Atomerőmű Fejlesztő Zrt.	2	2	+0.0	1,280	1,865	+45.7
Vértesi Erőmű Zrt.	12,651	14,234	+12.5	28,119	28,054	-0.2
MVM MIFŰ Kft.	6,830	5,209	-23.7	7,274	4,732	-34.9
MVM Észak-Budai Fűtőerőmű Kft.	9,613	9,251	-3.8	10,052	9,141	-9.1
MVM BVMT Zrt.	3,500	2,091	-40.3	2,323	1,582	-31.9
MVM GTER Zrt.	11,627	12,856	+10.6	11,317	12,474	+10.2
MVM Hungarowind Kft.	1,654	1,598	-3.4	687	744	+8.3
Bánhida Erőmű Kft.	11			281		
MVM Oroszlányi Erőműfejlesztő Zrt.	0	0	-	0	36	-
MVM OVIT Zrt.	53,142	51,193	-3.7	52,075	53,865	+3.4
MVM ERBE Zrt.	4,754	5,369	+12.9	5,000	5,394	+7.9
ATOMIX Kft.	5,236	5,413	+3.4	5,270	5,501	+4.4
ENERGO-MERKUR Kft.	433	551	+27.2	426	537	+26.0
MVM NET Zrt.	13,608	16,360	+20.2	13,083	15,867	+21.3
MVMI Informatika Zrt.	8,282	8,946	+8.0	7,998	8,517	+6.5
Magyar Földgázkereskedő Zrt.	171,625	528,972	+208.2	186,210	528,076	+183.6
MVM Partner ZRt.	609,407	534,424	-12.3	626,369	558,577	-10.8
MVM Partner Serbia d.o.o Beograd	6,764	15,328	+126.6	6,746	15,207	+125.4
MVM Partner d.o.o.	3,269	2,797	-14.4	3,254	2,790	-14.3
MVM Partner Energija d.o.o.	282	0	-100.0	284	0	-100.0
MVM Partner Bucharest	0	0	-	15	13	-13.9
MVM Trade Poland Sp. z.o.o.	810	0	-100.0	808	0	-100.0
MVM-ADWEST Marketing GmbH	2,060	0	-100.0	2,176	0	-100.0
POWERFORUM Zrt.	25	83	+229.9	14	59	+316.7
MFGK Austria GmbH	0	0	-	0	3	-
MVM Partner DOOEL Skopje	0	0	-	0	3	-
MAVIR ZRt.	135,426	134,081	-1.0	124,541	117,239	-5.9
KOM Központi Okos Mérés Zrt.	0	0	-	1	163	+19,540.1
Magyar Gáz Tranzit ZRt.	6	674	+11,627.2	263	904	+243.9
Magyar Földgáztároló Zrt.	6,912	26,383	+281.7	5,049	19,401	+284.3
HUPX Zrt.	836	1,043	+24.7	878	928	+5.7
HUPX Derivatív Zrt.	0	0	-	2	4	+83.2
CEEGEX Zrt.	39	58	+48.6	188	177	-5.7
MVM Kontó ZRt.	1,686	1,966	+16.6	1,637	1,848	+12.9
Római Irodaház Kft.	2,093	2,160	+3.2	1,519	1,337	-12.0
MVM Villkesz Kft.	737	681	-7.6	729	1,519	+108.3
MVM Hotel Vértes Kft.	173	190	+10.3	379	618	+62.9
MVM Hotel Panoráma Kft.	209	250	+19.7	287	329	+14.4
Niker d.o.o.	139	94	-32.6	109	114	+5.2
MVM BSZK Zrt.	0	61	-	0	225	-

MEMBER COMPANIES INCLUDED IN THE FULL CONSOLIDATION OF THE MVM GROUP	EBITDA			Depreciation		
	2013	2014	'14 / '13	2013	2014	'14 / '13
	HUFm	HUFm	%	HUFm	HUFm	%
MVM Zrt.	-6,360	-15,607	-145.4	1,728	1,102	-36.2
MVM Paksi Atomerőmű Zrt.	60,503	43,074	-28.8	20,398	22,825	+11.9
MVM Paks II. Atomerőmű Fejlesztő Zrt.	-263	-504	-92.0	21	16	-23.8
Vértesi Erőmű Zrt.	-3,325	-2,517	+24.3	4,341	2,536	-41.6
MVM MIFŰ Kft.	718	1,779	+147.7	908	879	-3.2
MVM Észak-Budai Fűtőerőmű Kft.	794	1,323	+66.6	783	779	-0.6
MVM BVMT Zrt.	2,333	1,274	-45.4	1,128	752	-33.3
MVM GTER Zrt.	359	798	+122.4	9	384	+3,958.1
MVM Hungarowind Kft.	1,421	1,208	-15.0	353	354	+0.1
Bánhida Erőmű Kft.	-206			0		
MVM Oroszlányi Erőműfejlesztő Zrt.	0	-24	-	0	0	-
MVM OVIT Zrt.	2,282	1,746	-23.5	608	613	+0.8
MVM ERBE Zrt.	33	64	+92.1	45	41	-9.5
ATOMIX Kft.	87	38	-56.1	55	54	-2.5
ENERGO-MERKUR Kft.	8	16	+107.6	1	2	+38.8
MVM NET Zrt.	3,643	4,242	+16.4	3,093	3,332	+7.7
MVMI Informatika Zrt.	2,177	2,909	+33.6	1,744	2,262	+29.7
Magyar Földgázkereskedő Zrt.	-11,157	8,952	+180.2	24	78	+225.7
MVM Partner ZRt.	2,048	-5,333	-360.4	80	152	+89.4
MVM Partner Serbia d.o.o Beograd	19	120	+543.7	0	0	-
MVM Partner d.o.o.	15	7	-53.6	0	0	-
MVM Partner Energija d.o.o.	-2	0	+100.0	0	0	-
MVM Partner Bucharest	-15	-13	+13,9	0	0	-
MVM Trade Poland Sp. z.o.o.	2	0	-100.0	0	0	-
MVM-ADWEST Marketing GmbH	-115	0	+100.0	1	0	-100.0
POWERFORUM Zrt.	15	40	+166.0	4	16	+296.7
MFGK Austria GmbH	0	-3	-	0	0	-
MVM Partner DOOEL Skopje	0	-3	-	0	0	-
MAVIR ZRt.	32,426	37,016	+14.2	20,070	19,555	-2.6
KOM Központi Okos Mérés Zrt.	-1	-23	-2,701.9	0	0	-
Magyar Gáz Tranzit ZRt.	-96	-93	+3.1	3	2	-37.8
Magyar Földgáztároló Zrt.	3,754	15,604	+315.7	1,672	6,511	+289.4
HUPX Zrt.	-9	210	+2,389.0	21	28	+33.5
HUPX Derivatív Zrt.	-2	-4	-83.8	0	0	-
CEEGEX Zrt.	-131	-101	+23.4	17	18	+2.3
MVM Kontó ZRt.	89	131	+46.0	9	11	+17.8
Római Irodaház Kft.	1,071	1,637	+52.8	419	405	-3.2
MVM Villkesz Kft.	91	43	-53.2	26	22	-12.6
MVM Hotel Vértes Kft.	-179	-399	-123.6	22	21	-4.0
MVM Hotel Panoráma Kft.	-41	-51	-25.6	24	23	-5.4
Niker d.o.o.	33	-13	-138.0	3	3	+21.5
MVM BSZK Zrt.	0	-122	-	0	42	-

MEMBER COMPANIES INCLUDED IN THE FULL CONSOLIDATION OF THE MVM GROUP	Profit/(-)loss after tax			Shareholders' equity		
	2013	2014	'14 / '13	2013	2014	'14 / '13
	HUFm	HUFm	%	HUFm	HUFm	%
MVM Zrt.	43,336	5,460	-87.4	543,871	548,624	+0.9
MVM Paksi Atomerőmű Zrt.	22,860	8,228	-64.0	129,605	129,605	-0.0
MVM Paks II. Atomerőmű Fejlesztő Zrt.	-52	-470	-807.1	9,031	8,560	-5.2
Vértesi Erőmű Zrt.	-2,629	194	+107.4	710	832	+17.2
MVM MIFŰ Kft.	-530	670	+226.5	6,816	7,486	+9.8
MVM Észak-Budai Fűtőerőmű Kft.	-452	255	+156.5	2,018	2,273	+12.7
MVM BVMT Zrt.	82	-816	-1,100.2	3,042	2,226	-26.8
MVM GTER Zrt.	190	200	+5.3	298	2,523	+747.4
MVM Hungarowind Kft.	879	744	-15.3	3,125	3,125	-
Bánhida Erőmű Kft.	-229			-560		
MVM Oroszlányi Erőműfejlesztő Zrt.	0	-19	-	0	1,541	-
MVM OVIT Zrt.	1,382	815	-41.0	7,308	7,308	-
MVM ERBE Zrt.	15	31	+100.8	981	981	-
ATOMIX Kft.	29	-15	-154.1	200	185	-7.7
ENERGO-MERKUR Kft.	4	13	+227.8	81	81	-
MVM NET Zrt.	528	642	+21.6	25,253	26,553	+5.1
MVMI Informatika Zrt.	221	653	+195.3	5,392	13,392	+148.4
Magyar Földgázkereskedő Zrt.	-8,866	-10,336	-16.6	30,491	20,155	-33.9
MVM Partner ZRt.	524	-4,689	-995.1	22,099	17,410	-21.2
MVM Partner Serbia d.o.o Beograd	-17	82	+592.9	121	203	+67.4
MVM Partner d.o.o.	13	7	-50.1	48	54	+12.5
MVM Partner Energija d.o.o.	-2	0	+100.0	7	7	-
MVM Partner Bucharest	-12	33	+365.3	228	3,525	+1,448.1
MVM Trade Poland Sp. z.o.o.	4	0	-100.0	8	8	-
MVM-ADWEST Marketing GmbH	-120	0	+100.0	1,075	1,075	+0.0
POWERFORUM Zrt.	11	22	+101.7	244	244	+0.0
MFGK Austria GmbH	0	-3	-	0	8	-
MVM Partner DOOEL Skopje	0	-3	-	0	28	-
MAVIR ZRt.	8,195	11,228	+37.0	293,959	309,737	+5.4
KOM Központi Okos Mérés Zrt.	-1	-17	-2,935.1	99	82	-17.1
Magyar Gáz Tranzit ZRt.	4	-47	-1,310.5	3,365	3,663	+8.8
Magyar Földgáztároló Zrt.	525	3,747	+614.1	79,522	81,269	+2.2
HUPX Zrt.	-16	131	+933.3	650	781	+20.2
HUPX Derivatív Zrt.	-2	-4	-134.9	15	11	-24.2
CEEGEX Zrt.	-146	-117	+20.2	112	41	-63.7
MVM Kontó ZRt.	88	113	+28.3	300	300	-
Római Irodaház Kft.	209	209	+0.1	8,742	8,951	+2.4
MVM Villkesz Kft.	15	-10	-161.5	70	151	+114.7
MVM Hotel Vértes Kft.	-229	-442	-92.6	-121	-563	-365.4
MVM Hotel Panoráma Kft.	-87	-88	-1.6	79	607	+672.1
Niker d.o.o.	10	-25	-362.5	-1,137	-1,226	-7.9
MVM BSZK Zrt.	0	-165	-	0	763	-

MEMBER COMPANIES INCLUDED IN THE FULL CONSOLIDATION OF THE MVM GROUP	Total assets			Technical performance of projects		
	2013	2014	'14 / '13	2013	2014	'14 / '13
	HUFm	HUFm	%	HUFm	HUFm	%
MVM Zrt.	918,518	1,069,244	+16.4	1,460	1,262	-13.5
MVM Paksi Atomerőmű Zrt.	207,818	192,934	-7.2	17,608	13,663	-22.4
MVM Paks II. Atomerőmű Fejlesztő Zrt.	9,806	8,971	-8.5	2,156	0	-100.0
Vértesi Erőmű Zrt.	22,318	17,778	-20.3	463	219	-52.8
MVM MIFŰ Kft.	14,308	13,975	-2.3	7	6	-11.2
MVM Észak-Budai Fűtőerőmű Kft.	14,167	13,073	-7.7	15	16	+3.8
MVM BVMT Zrt.	19,937	18,605	-6.7	76	0	-100.0
MVM GTER Zrt.	3,043	20,530	+574.7	8	3	-58.2
MVM Hungarowind Kft.	7,807	7,265	-6.9	4	0	-100.0
Bánhida Erőmű Kft.	561			0		
MVM Oroszlányi Erőműfejlesztő Zrt.	0	1,574	-	0	63	-
MVM OVIT Zrt.	28,109	33,877	+20.5	1,171	886	-24.4
MVM ERBE Zrt.	2,698	3,332	+23.5	18	11	-36.2
ATOMIX Kft.	1,113	1,041	-6.4	78	79	+0.8
ENERGO-MERKUR Kft.	185	248	+34.1	0	1	+604.0
MVM NET Zrt.	32,339	35,728	+10.5	2,767	3,759	+35.8
MVMI Informatika Zrt.	15,015	16,903	+12.6	5,275	4,264	-19.2
Magyar Földgázkereskedő Zrt.	228,999	243,174	+6.2	130	7	-94.8
MVM Partner ZRt.	86,175	72,521	-15.8	78	360	+364.0
MVM Partner Serbia d.o.o Beograd	1,942	2,628	+35.4	0	0	-
MVM Partner d.o.o.	968	854	-11.8	0	1	-
MVM Partner Energija d.o.o.	9	9	-	0	0	-
MVM Partner Bucharest	229	8,937	+3,795.3	0	0	-
MVM Trade Poland Sp. z.o.o.	143	143	-	0	0	-
MVM-ADWEST Marketing GmbH	2,055	2,055	-	0	0	-
POWERFORUM Zrt.	260	279	+7.1	0	0	-
MFGK Austria GmbH	0	11	-	0	0	-
MVM Partner DOOEL Skopje	0	29	-	0	0	-
MAVIR ZRt.	433,760	466,062	+7.4	14,818	13,494	-8.9
KOM Központi Okos Mérés Zrt.	100	306	+204.9	0	274	-
Magyar Gáz Tranzit ZRt.	18,398	21,598	+17.4	10,905	4,159	-61.9
Magyar Földgáztároló Zrt.	199,800	192,869	-3.5	1,609	4,000	+148.6
HUPX Zrt.	815	1,036	+27.1	23	83	+255.6
HUPX Derivatív Zrt.	15	12	-20.2	0	0	-
CEEGEX Zrt.	164	90	-45.2	55	0	-100.0
MVM Kontó ZRt.	881	823	-6.6	3	5	+67.5
Római Irodaház Kft.	18,349	17,442	-4.9	35	9	-75.3
MVM Villkesz Kft.	1,056	264	-75.0	23	9	-59.0
MVM Hotel Vértes Kft.	714	388	-45.7	31	1	-96.6
MVM Hotel Panoráma Kft.	606	632	+4.4	16	10	-40.2
Niker d.o.o.	324	324	+0.0	6	0	-100.0
MVM BSZK Zrt.	0	949	-	0	133	-

MEMBER COMPANIES INCLUDED IN THE FULL CONSOLIDATION OF THE MVM GROUP	Average headcount		
	2013	2014	'14 / '13
	persons	persons	%
MVM Zrt.	240	267	+11.4
MVM Paksi Atomerőmű Zrt.	2,488	2,489	+0.0
MVM Paks II. Atomerőmű Fejlesztő Zrt.	59	89	+51.8
Vértesi Erőmű Zrt.	958	943	-1.6
MVM MIFŰ Kft.	43	43	-0.1
MVM Észak-Budai Fűtőerőmű Kft.	7	7	+8.0
MVM BVMT Zrt.	3	2	-32.2
MVM GTER Zrt.	114	117	+2.0
MVM Hungarowind Kft.	0	0	-
Bánhida Erőmű Kft.	0		
MVM Oroszlányi Erőműfejlesztő Zrt.	59	89	+51.8
MVM OVIT Zrt.	1,596	1,616	+1.3
MVM ERBE Zrt.	223	226	+1.5
ATOMIX Kft.	763	769	+0.8
ENERGO-MERKUR Kft.	6	6	+0.3
MVM NET Zrt.	100	134	+34.4
MVMI Informatika Zrt.	178	204	+14.7
Magyar Földgázkereskedő Zrt.	18	89	+399.3
MVM Partner ZRt.	202	179	-11.4
MVM Partner Serbia d.o.o Beograd	0	0	-
MVM Partner d.o.o.	1	1	-
MVM Partner Energija d.o.o.	1	0	-100.0
MVM Partner Bucharest	1	1	-
MVM Trade Poland Sp. z.o.o.	0	0	-
MVM-ADWEST Marketing GmbH	1	0	-100.0
POWERFORUM Zrt.	1	2	+300.0
MFGK Austria GmbH	59	89	+51.8
MVM Partner DOOEL Skopje	59	89	+51.8
MAVIR ZRt.	576	573	-0.6
KOM Központi Okos Mérés Zrt.	0	10	-
Magyar Gáz Tranzit ZRt.	10	15	+41.3
Magyar Földgáztároló Zrt.	46	194	+324.4
HUPX Zrt.	25	24	-3.0
HUPX Derivatív Zrt.	0	0	-
CEEGEX Zrt.	8	8	+5.4
MVM Kontó ZRt.	124	133	+6.6
Római Irodaház Kft.	10	11	+7.4
MVM Villkesz Kft.	70	68	-3.1
MVM Hotel Vértes Kft.	34	30	-12.3
MVM Hotel Panoráma Kft.	33	35	+7.6
Niker d.o.o.	5	3	-25.9
MVM BSZK Zrt.	59	89	+51.8

The companies Magyar Földgázkereskedő Zrt. and Magyar Földgáztároló Zrt. joined the MVM Group in Q4 2013.

Strategy

The mission of the MVM Group is to become a key player in its region as a nationally owned, integrated energy group. MVM Group considers as a key goal to implement the energy policy objectives in line with the National Energy Strategy and to support other economic policy objectives. Conforming to the system of strategic objectives and maintaining the creditworthiness included in them are high priority tasks for the MVM Group. The MVM Group has developed its group-level strategy with the intent to achieve value-creating and sustainable growth and to increase its EBITDA and operational efficiency, in keeping with the economic policy objectives.

VALUE CREATING AND SUSTAINABLE GROWTH

- Augmentation of the national wealth in the energy sector
- Maintenance of the Hungarian nuclear capacity
- Support of safe energy supply
- Growth while maintaining creditworthiness

INCREASE OPERATIONAL EFFICIENCY

- Optimisation of business portfolio·and organisational development
- Exploitation of synergies between business units
- Maintenance of the business management awarness
- Continous provision of approriate human resources

Regulatory and economic environment

The operating environment of the MVM Group is significantly influenced by the economic performance of the region, the economic policy and regulatory environment, trends in global energy markets and the strategy of the European Union aimed at developing a single internal energy market.

In order to achieve its budget deficit targets, the Hungarian Government has been taking revenue-increasing measures since 2010, which may remain in place in the longer term depending on the development of the crisis. As part of this, it increased the tax imposed on energy suppliers to 31% as of 2013. At the beginning of 2013, the Government began to take steps to cut utility rates, which also affect the energy industry (decreasing its profitability), a measure also continued in 2014.

Security of supply

In keeping with the 2014 to 2016 strategy of the MVM Group, methods and directions were identified by which the MVM Group wishes to implement the coordination of demand and supply on energy markets.

Domestic projects required for ensuring the security of gas supply have been implemented with the significant participation of the MVM Group; as a result, natural gas supply is foreseen to be continuous. Magyar Gáz Tranzit Zrt., a project company carrying out the construction between Vecsés and Balassagyarmat of a Natural Gas Interconnection Pipeline between Hungary and Slovakia, aimed at increasing the security of domestic energy supply and reducing unilateral dependence, was established through legal succession in January 2012, with the controlling ownership interest of MVM Zrt. In Government Resolution No. 1455/2014 (VIII.14.) the Hungarian Government decided to carry out the complete ownership unbundling of the company in accordance with the relevant European Union Directives, designating Magyar Nemzeti Vagyonkezelő Zrt. to purchase the corporate shares and the Ministry of the Interior to exercise the shareholders' rights. In accordance with the Government Resolution, MVM Zrt. sold its 49.98% interest in the company on 27 November 2014, which so became fully owned by the State. The MVM Group completely fulfilled its tasks relating to the project, and significantly contributed to the technical delivery of the project in 2014.

In order to increase the security of supply in winter, Magyar Földgázkereskedő Zrt. injected an additional 800 million m^3 of natural gas into its storage facilities in 2014. Due to the appropriate level of charge of the storage facilities, winter supply was continuous and uninterrupted, which was ensured by Magyar Földgázkereskedő Zrt., paying special attention to the importance of the security of supply. Due to the significant storage capacities, neither extreme weather nor the possible loss of an important source causes any difficulty in supply.

Technological environment

The MVM Group also considers its high priority task to increase the use of renewable resources. As a company group owned in majority by the State, in addition to achieving its economic goals, the MVM Group pays special attention to ensuring sustainable development and preserving environmental values.

Energy generation based on renewable sources

Pursuant to the provisions of Directive 2009/28/EC, Hungary will have to cover 13% of its gross energy use from renewable energy sources by 2020. The target of Hungary's Renewable Energy Utilisation Action Plan 2010–2020 prepared in accordance with the Directive is 14.65% in the case of gross energy use by 2020 (10.9% with respect to electricity consumption). The MVM Group takes a significant role in the achievement of this target. Furthermore, the heads of state and government of the European Union agreed on 23 October 2014 that Member States would reduce their carbon dioxide emissions by 40%, would improve the efficiency of energy use by 27%, and would cover 27% of their energy use[2] from renewable energy sources by 2030 (relative to the 1990 level). The new European-level objectives will have a significant impact on Hungary's energy policy objectives and the medium- and long-term goals of the MVM Group.

In the area of wind energy use, a significant technological development is an increase in the development of *offshore* wind parks, in the case of which favourable inherent natural conditions even allow their operation as base load power plants, and their unit installation cost continuously decreases. The installation of *onshore* wind farms continues to be a decisive factor in the growth of the proportion of renewable energy generation. The MVM Group does its share in domestic wind energy generation with eight wind turbines, which have a total installed capacity of 23 MW, located in the vicinity of Sopronkövesd and Nagylózs in Győr-Moson-Sopron County and operated by MVM Hungarowind Kft. In 2014, the wind farm owned by MVM Hungarowind Kft. contributed to the expression of the commitment of the Group to sustainable development and environmental protection by generating 46.4 GWh of electricity.

It is a trend experienced in the area of solar energy (PV) projects that the capital cost requirement of the technology is decreasing quickly, thus the prime cost of the energy generated is decreasing at a fast pace. The literature puts the date at 2020 when electricity produced using solar energy (PV) will be competitive even without subsidisation.

As a result of the energy and environmental advantages of the heat pump-based heating method, it is expected to become increasingly widespread in the future, which may have the consequence that in the longer term, the role of electricity may increase also in meeting heating demand.

The continued spread of the use of renewable energy requires a solution to the economic storage of the energy generated. Energy storage is expected to become widespread in the 2020s and 2030s, which may give a significant boost to the continued increase of the share of renewable energy generation, although considerable progress has been made in technologies also in the past years. Research is investigating a number of different alternatives at present in the areas of short (for seconds) and longer (for hours) storage as well as physically and chemically based operation. However, at present, it is possible to operate only conventional pumped storage hydropower plants with substantial capacities for electricity systems in an economically sustainable way.

In order to reduce emissions from traffic and transport, more emphasis has been placed on the use of alternative, cleaner vehicle fuels. Biofuel-, natural gas- and electricity-powered means of transport can be included in this category. If the economic value of CO_2 substitution offsets the higher cost of using alternative fuels, it may also stimulate more extensive development. The spread of electric cars may have a favourable effect on electricity demand in the medium term, and as part of the 'smart grid', electric and hybrid vehicles may provide additional flexibility to the electricity system.

[2] The achievement of the 2030 objective would be back-tested not at the level of Member States, but of the European Union.

Nuclear-based energy generation

In Hungary, nuclear-based energy generation by MVM Paksi Atomerőmű Zrt. will continue to have a special role also in the near future, with regard to the Paks capacity maintenance project as well as the lack of development plans for conventional and renewable power plant development with significant capacities. This corresponds to the forecast of the National Energy Agency, according to which growth is expected in nuclear-based electricity generation all over the world in the coming decades due to the fact that nuclear technology is one of the most economic, CO_2 emissions-free alternative for electricity generation using base load power plants.

Smart metering, smart grid

To be introduced pursuant to the regulations of the European Union, 'smart metering' collects real-time information about energy use by consumers, which helps them improve their energy awareness, contributing to the reduction of their consumption and its balancing over time. In order to realise potential benefits in the establishment of smart systems, the MVM Group established KOM Zrt., owned 100% by MAVIR ZRt., which is responsible for the implementation of the Central Smart Grid Pilot Project. The main task of the project is to lay the foundation for the SmartGrid functions of domestic electricity and natural gas networks during metering, data collection and testing.

European CO_2 quota market

The economic crisis decreased greenhouse gas emissions, and this resulted in a significant number of unused emission allowances. The Emissions Trading System (EU ETS) treated as a means for the climate protection policy of the EU and reducing greenhouse gas emissions wavered. Member States are divided on the recommendation for reducing the supply of CO_2 quotas. Due to the low price of emission quotas, renewable projects are mostly implemented only where the geographical conditions are very favourable or where renewable projects receive considerable state subsidies. Reforming and strengthening the CO_2 quota trading market are also included in the goals of the European Union. As part of this, a market stabilisation reserve will be introduced in the trade cycle starting in 2021, which would handle market oversupply.

Smart meters will be installed in several tens of thousands of households in the coming years, which will provide information that is valuable for both consumers and the system operator.

Activities of the MVM Group

Trade and supply chain management

The MVM Group is the dominant electricity wholesaler in Hungary; at the same time, it also holds a considerable interest in the retail and direct consumer sales markets, and is also present in the electricity trade of the Eastern and Central European Region through its foreign subsidiaries. The Group plays an increasing role in the natural gas storage and trade markets.

At the end of 2014, the Trade and Supply Chain Management Division of the MVM Group comprised the following member companies and their subsidiaries:

- MVM Partner Energiakereskedelmi ZRt.
  - MVM Partner Serbia d.o.o. Beograd
  - MVM Partner d.o.o.
  - MVM Partner DOOEL Skopje
  - MVM Partner Bucharest S.r.l
- Magyar Földgázkereskedő Zrt.
  - MFGK Austria GmbH
- MVM-ADWEST Marketing und Handelsgesellschaft GmbH
- Powerforum Zrt.[3]

MVM PARTNER ZRT.

MVM Partner ZRt. is the electricity trading subsidiary of the MVM Group in the competitive market. In addition to domestic retail sales, its wholesale activity also extends to domestic and international markets. The two core activities of the company are

- the sale of electricity and natural gas directly to domestic energy consumers (other than retail users) in consumer sales (until 30 June 2014),
- wholesale activity on the Hungarian and foreign electricity markets and the Hungarian natural gas market (until 30 June 2014).

Electricity retail activity

The volume of sales to end users in 2014 remained at the level of the previous year. In addition to large companies, it managed to provide a greater share to smaller consumers, which provide higher profits, within the contracted portfolio. With respect to the consumer portfolio contracted for 2015, the Shareholder expected the market share to be maintained, which was achieved due to the sales activities and internal development. In order to increase the sales efficiency, additional new energy services were introduced to the market in 2014.

PRINCIPAL ELECTRICITY TRADE FIGURES (GWh)	2013	2014	Change (%) '14/'13
TOTAL ELECTRICITY PURCHASED	**26,979**	**30,008**	**+11.2**
Of which: from domestic power plants	20,308	20,079	-1.1
from the Transmission System Operator under the mandatory power purchase scheme	325	246	-24.3
balancing power purchased	86	115	+34.2
from electricity traders	1,623	3,689	+127.2
from import	4,175	5,305	+27.1
from the power exchange	462	574	+24.3
TOTAL ELECTRICITY SOLD	**26,979**	**30,008**	**+11.2**
Of which: to universal service providers	9,050	7,326	-19.0
to other users	3,751	3,765	+0.4
system-level services sold	45	13	-70.5
to electricity traders	10,142	13,191	+30.1
balancing power sold	153	103	-32.9
export sales	3,836	5,610	+46.2

[3] Powerforum Zrt. is owned 50% by MVM Partner ZRt. and 50% by Magyar Földgázkereskedő Zrt. as at 31 December 2014. Magyar Földgázkereskedő Zrt. sold its interest in the company to MVM Partner ZRt. in January 2015.

Electricity wholesale activity

In the procurement portfolio, the electricity purchased from domestic power plants plays a key role, but it also includes energy supplied by domestic and foreign trading partners. The company is present on all trading platforms in the liberalised wholesale market, whereby transparent wholesale procurement can be ensured. It acquires the right to use the cross-border capacity required for importing possible import sources at auctions held by system operators. The company plays a key role in the area of sales through electricity agreements concluded with universal service providers as well as sales at auctions also aimed at electricity traders and large consumers under the conditions and within the limits set by the provisions of Decision No. 747/2011 on licence holders with significant market power. In addition, the company also provides system-level services increasing the security of supply to the Hungarian electricity system.

Among its activities, intraday trade is worth mentioning separately, which shows significant improvement in terms of turnover compared to the previous years. It is present in this segment of the market actively on a daily basis, as a key player, thereby greatly reducing the balancing power demand of the Group.

Due to the strengthening of the HUPX (the Hungarian power exchange), it can trade the majority of its hourly positions in Hungary and, in addition, it tries to strengthen its presence on the exchanges in the surrounding countries. Forward trading on HUPX was launched in mid-2011, where MVM Partner ZRt. has been representing the MVM Group since the beginning. It was the member trading the highest volume on the power exchange also in 2014.

The off-take price in electricity agreements concluded with universal service providers decreased, after being adjusted to the sales price of universal service providers, by an additional 12.4% as of 1 September 2014 (after a 14% decrease in the previous year), which significantly reduced the profitability of the activity of MVM Partner ZRt. in 2014. The off-take prices of universal service providers increased by 5.5% as of 1 January 2015, which will reduce the loss on this activity in the future.

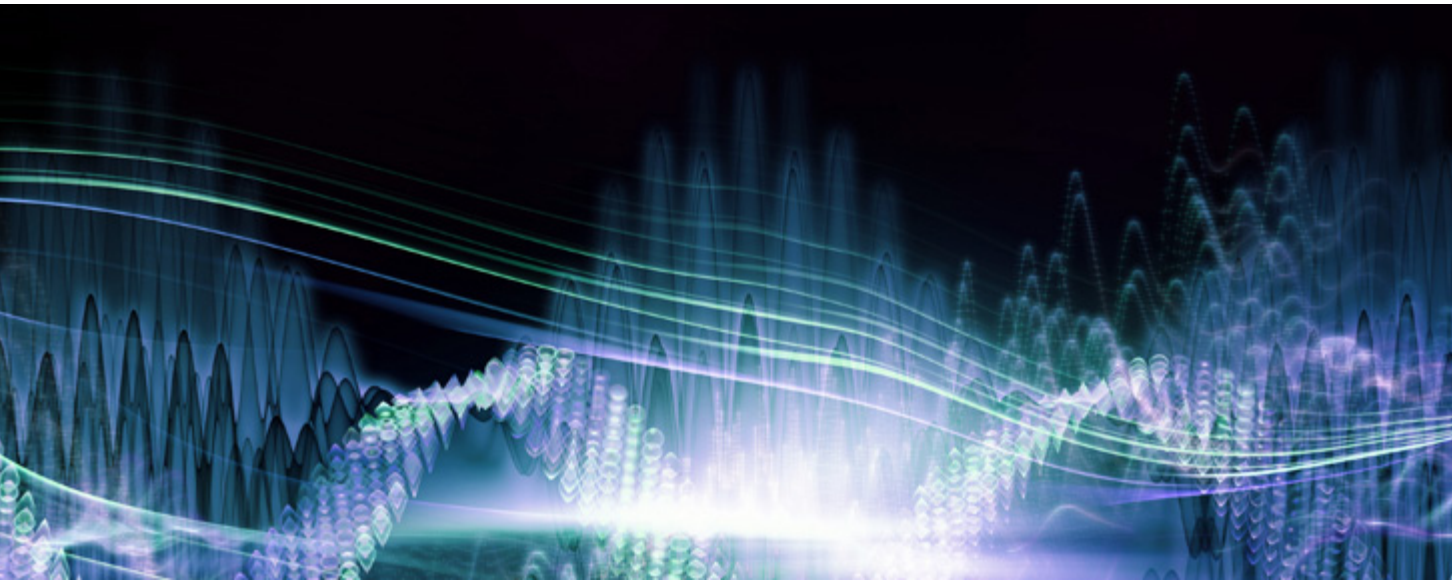
Regional expansion

On 9 December 2010, the Serbian subsidiary established under the name of MVM Partner Serbia d.o.o., owned 100% by MVM Partner ZRt., began its electricity trading activity in the second half of 2011. This subsidiary had the highest trading turnover also in 2014, achieving a profit before tax of HUF 81.7 million against sales of about HUF 15.3 billion.

On 15 January 2011, MVM Partner ZRt. established a subsidiary under the name of MVM Partner d.o.o. in Croatia, which it owns 100%. The competent authority issued a Croatian trading licence to the Croatian subsidiary on 9 November 2011. The subsidiary achieved a profit before tax of HUF 2.6 million against sales of about HUF 2.8 billion in 2014.

MVM Partner ZRt. established a Slovenian company under the name of MVM Partner Energija d.o.o., owned 100% by MVM Partner ZRt., on 6 April 2011. A Slovenian trading licence was issued to the subsidiary on 9 September 2011. MVM Partner ZRt. decided to continue the trading activity in Slovenia in its own name as of February 2013 and to dissolve the subsidiary. The dissolution of the subsidiary through voluntary liquidation was registered on 30 January 2014.

name in 2014 and to dissolve the subsidiary. The dissolution of the subsidiary through voluntary liquidation was registered on 12 December 2014. In continuation of regional expansion, MVM Partner ZRt. established a subsidiary under the name of MVM Partner DOOEL Skopje in Macedonia with a primary capital of EUR 100,000, registered by the Court of Registration on 2 April 2014. It did not start its trading activity in 2014 yet, thus it closed the year with a loss before tax of HUF 3.1 million. The company continued its regional expansion in its own name started in 2012, thus currently it has balance groups in



A Romanian subsidiary called MVM Partner Bucharest S.r.l. owned 100% by MVM Partner ZRt. was established on 8 April 2011. Trading activity has been performed in the network of Transelectrica with the subsidiary headquartered in Romania since November 2011 and on the Romanian energy exchange since March 2012. The Romanian subsidiary could not engage in trading activity in 2013 due to the prejudicial regulation in Romania, therefore, in the absence of any sales revenue, it achieved a loss before tax of HUF 12 million. In 2014, MVM Zrt. decided to the launch a new activity through the Romanian subsidiary, therefore, the majority ownership of MVM Partner Bucharest S.r.l. was transferred to MVM Zrt. through capital increase in October 2014. Taking advantage of the trading opportunity opening up for foreign market players again in 2014, MVM Partner ZRt. got connected to the Romanian power exchange OPCOM through its registered branch office and is engaged in active trading activity in Romania.

With the merger of MVM Trade Zrt., the Polish subsidiary MVM Trade Poland Sp. z.o.o. owned 100% by MVM Partner ZRt. was registered on 24 October 2011. Although it obtained its trading licence on 20 March 2012, it began performing its trading activity only in 2013. Taking advantage of the new opportunity provided by the regulations, MVM Partner ZRt. decided to gradually continue the trading activity in Poland in its own

Germany, Austria, the Czech Republic, Slovakia, France, Bulgaria, Poland and Slovenia. In addition, it holds memberships in the German, French, Slovenian, Slovak, Czech and Romanian energy exchanges and has commercial access to the British energy exchange, where it also began trading in emission quotas in 2013.

Evaluation of natural gas trade

MVM Partner ZRt. successfully developed and intensively increased its trading activity in the second full business year following the launch of natural gas trade. In addition to open natural gas sales offers made to district heating and cogeneration companies, the company had a significant wholesale activity and also increased the volume of consumer sales. Since October 2013, another natural gas trading licence holder was added to the MVM Group, thus due to the distribution of activities within the MVM Group, MVM Partner ZRt. has significantly reduced is natural gas trading activity, besides keeping its related licence, since the end of the previous gas year, i.e. 1 July 2014. Natural gas trade contributed to the energy trading activity of MVM Partner ZRt. with sales of about HUF 74 billion in 2014.

MAGYAR FÖLDGÁZKERESKEDŐ ZRT.

MVM Zrt. purchased 100% of the shares in Magyar Földgázkereskedő Zrt. (previously E.ON Gázkereskedő Zrt.) on 30 September 2013. Magyar Földgázkereskedő Zrt. is the largest gas trader in Hungary. The company is the most important partner of Hungarian gas distribution companies in the reliable provision of natural gas supply to residential gas consumers.

The portfolio of stocks increased by 68.11% relative to the base year, primarily due to stockpiling for the purpose of the additional security of supply. It is worth HUF 89,506 million in the reference year, which developed as a result of the following main factors in the reference period:

On the basis of a Shareholders' resolution, the company, preparing for a possible supply crisis, accumulated an additional 800 million m^3 of stockpile during its preparation for winter to ensure the security of supply to Hungary. As a result, the closing quantity of natural gas as at the balance sheet date was 92.32% higher year-on-year. This was partly offset by lower cost prices due to a decrease in market price levels. The Management of the company made decisions to adapt to a quickly changing market environment in the future; its main objectives are to continuously renegotiate the terms of the sales and purchase agreements comprising the trading portfolio in order to increase efficiency and to cut costs.

DESCRIPTION	2013 (HUFm)	2014 (HUFm)
OPENING STOCK (+)	**82,649**	**53,243**
Purchases (+)	579,910	495,705
Sales (-)	607,673	453,460
Loss in value/Rejects (-)	1,643	5,982
CLOSING STOCK (+)	**53,243**	**89,506**

PRINCIPAL NATURAL GAS TRADE FIGURES (M^3 MILLION)	2013*	2014	Change (%) '14/'13
NATURAL GAS PURCHASED IN CONNECTION WITH SALES	**1,817**	**5,896**	**+224.5**
Of which: from traders	1,147	3,926	+242.2
from storage facilities	417	1,043	+150
from producers	198	559	+182.5
balancing gas purchased	54	369	+583.3
TOTAL NATURAL GAS SOLD	**1,817**	**5,896**	**+224.5**
Of which: to traders	1,385	4,371	+215.6
to users	239	782	+227.1
balancing gas sold	23	185	+702.8
for export	170	559	+228.7

* 2013 includes Q4 data; Magyar Földgázkereskedő Zrt. joined the Group at that time.

POWERFORUM ZRT.

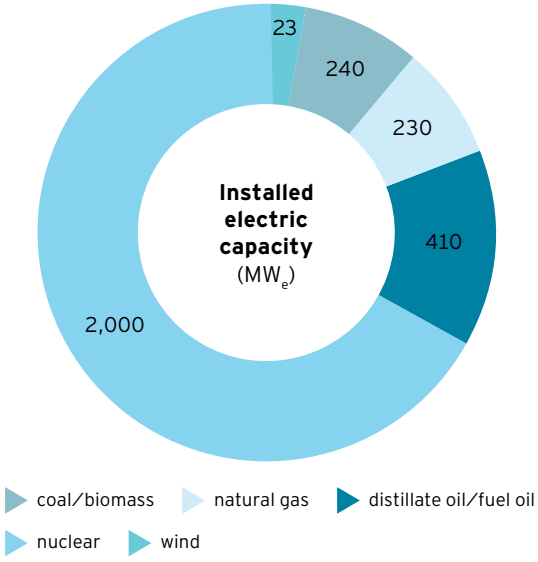
The main function of POWERFORUM Zrt. is to facilitate the further expansion of the domestic electricity market, with special regard to its transparency and liquidity. The company was transferred to the full ownership of MVM Partner ZRt. in January 2015. In the future, the activities of Powerforum Zrt. are expected to be limited to carrying out auctions held by its shareholder, MVM Partner ZRt., and to the fee for the use of the OTC natural gas market platform operated by CEEGEX.

Power and heat generation and technical services

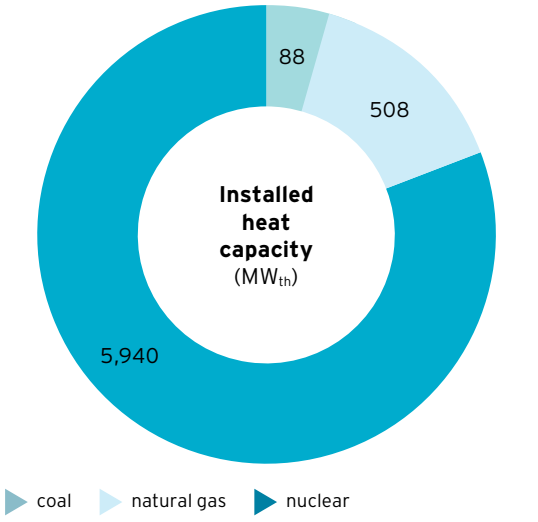
The power and heat generation portfolio of the MVM Group comprised the following companies as at the end of 2014:

- MVM Paksi Atomerőmű Zrt.
- Vértesi Erőmű Zrt.
- MVM MIFŰ Kft.
- MVM Észak-Budai Fűtőerőmű Kft.
- MVM GTER Zrt.
- MVM Hungarowind Kft.
- MVM Partner Bucharest S.r.l.
- MVM Oroszlányi Erőműfejlesztő Zrt.

In 2014, the peak load of the Hungarian electricity system was 6,461 MW (+2.4%), with a summer peak demand of 6,050 MW (−2.3%). Gross domestic consumption was 42,589 GWh (+0.9 %). The quantity of imports was 13,388.1 GWh (+12.7 %) and gross domestic output was 29,200.9 GWh (−3.7%). The share of imports in domestic consumption was 31.4% (+3.2%). The installed capacity and power and heat generation quantity data of the Generation Business Unit of the MVM Group are shown in the following figures.



	2013	2014
ELECTRICITY GENERATED (GWh)	**16,521**	**16,629**
coal/biomass	813	693
natural gas	282	229
fuel oil	7	11
nuclear	15,370	15,649
wind	49	46
ELECTRICAL OUTPUT (GWh)	**15,532**	**15,534**
coal/biomass	674	536
natural gas	275	224
fuel oil	7	11
nuclear	14,527	14,717
wind	49	46



	2013	2014
HEAT GENERATED (TJ)	**3,578**	**2,954**
coal/biomass	347	364
natural gas	2,512	1,855
nuclear	719	735
HEAT OUTPUT (TJ)	**2,990**	**2,281**
coal/biomass	340	301
natural gas	2,495	1,836
nuclear	505	456

MVM PAKSI ATOMERŐMŰ ZRT.

MVM Paksi Atomerőmű Zrt. is a key electricity generation company in Hungary. The nuclear power plant pollutes the environment the least in comparison with other electric power plants, thus Paks Nuclear Power Plant is essential for the country from energy, environmental protection and economic points of view alike.

Electricity generation and sales

The most important electrical output parameters of the Power Plant are shown in the following table:

DESCRIPTION	Unit	2013	2014	Difference	
				GWh	%
Electricity generated	GWh	15,369.6	15,648.6	+279.0	1.8%
House load	%	5.5%	5.6%		
Electricity sold	GWh	14,439.3	14,716.5	+277.2	1.9%

The actual output is 279.0 GWh (1.8%) higher than that in 2013. The output over the target predominantly resulted from the combined effect of a surplus capacity over the installed capacity, a shorter length of short shutdowns and forced outages, an additional general overhaul period and the weather. The electricity was sold in accordance with the provisions of the Annual Trade Agreement (ATA).

Heat sales

MVM Paksi Atomerőmű Zrt. sold most of its heat output to the heating supply company Duna Center Therm Kft. in 2014, too. On the basis of actual demand (due to the weather and the installation of heat insulation on prefabricated flats), the volume of heat sold was lower than the target.

In 2014, MVM Paksi Atomerőmű Zrt. was granted a licence for the operation of Unit 2 beyond its design lifetime. The compilation of the documentation providing grounds for the licence applications to be submitted to the nuclear authority for the commencement of the operation of Units 3 and 4 beyond their design lifetime in 2017 and 2018 will continue in the coming years, furthermore, the performance of the tasks relating to the maintenance of the licenses for Units 1 and 2 is underway simultaneously.

VÉRTESI ERŐMŰ ZRT.

The activities of Vértesi Erőmű Zrt. include sub-bituminous coal mining and the generation and trading of electricity and heat, which it carries out at its Márkushegy Mine and the Oroszlány Power Plant. On the basis of the number of employees, it is one of the companies that provide most jobs in the region. The electricity output of the power plant in 2014 was 704 GWh (based on coal/biomass).

The Márkushegy Coal Mine stopped coal production on 31 December 2014, and the four-year work relating to the abandonment of the mine began. Due to the termination of the production activity of the mine, a decision was made on 24 November 2014 to carry out collective staff reduction, which affected 232 persons after the notification of the competent employment branch office. In order to settle the employees' fate, in addition to severance pay, re-employment and retraining aid is provided. Vértesi Erőmű Zrt. is required to provide district heating supply to the region until the end of 2015, when an operating licence will be issued for the new district heat generation unit.

VÉRTESI ERŐMŰ ZRT.	Unit	2013	2014	Change (%) '14/'13
INSTALLED ELECTRICAL CAPACITY	**MW_e**	**240**	**240**	**+0**
ELECTRICITY GENERATED	**GWh**	**813**	**704**	**-13.3**
Electricity sold	GWh	599	311	-48.1
of which: electricity sold under the mandatory power purchase scheme	GWh	0	194	
Balancing power and power regulation items sold	GWh	92	62	-33.1
TOTAL DOMESTIC ELECTRICITY SALES	**GWh**	**691**	**372**	**-46.1**

MVM MIFŰ KFT.

The Tatár utca Gas Engine Heating Power Plant, the Hold utca Combined Cycle Heating Turbine Power Plant and the Tatár utca Heating Plant operated by MVM MIFŰ Kft. jointly provide the total heat supply to the Downtown and Avas Heat Districts of the city of Miskolc. The Bulgárföld and Diósgyőr Gas Engine Heating Power Plants meet the heat demands of the given districts only in part.

The company entered into a long-term contract for delivering its heat output with Miskolci Hőszolgáltató Kft., which is responsible for providing heat supply to the city of Miskolc. The electricity cogenerated with heat is sold to MVM Partner ZRt. It brought about a significant change in the operation of the company that as of 2014, heat is supplied to the district heating system of Miskolc by Miskolc Geotermia Zrt. and Kuala Zrt. in addition to MVM MIFŰ Kft. Transferring the opportunity to Miskolc Geotermia Zrt. for supplying heat to the system works well, its application does not cause any disadvantage, on the contrary, it provides a significant benefit to MVM MIFŰ Kft. has a total installed capacity of 64.05 MW. In 2014, it contributed to energy production by the Group with its output of 144.1 GWh.

MVM ÉSZAK-BUDAI FŰTŐERŐMŰ KFT.

The core activities of MVM Észak-Budai Kogenerációs Fűtőerőmű Kft. are electricity generation and heat supply. The company began generation in partial operation in April 2007, after which full commercial operation started on 28 December 2007. The power plant is engaged in combined heat and electricity generation. It sells the heat to FŐTÁV Zrt. under a long-term heat supply agreement. The heat generated by the power plant meets the heat demand of the North Buda Heat District. Its electricity output was sold through the system of HUPX Zrt. The power plant is operated by MVM GTER Zrt. under a long-term operating agreement. MVM Észak-Budai Kogenerációs Fűtőerőmű Kft. has a total installed capacity of 49.98 MW. In 2014, it contributed to energy production by the Group with its output of 165.1 GWh.

MVM GTER ZRT.

Of the activities of MVM GTER Zrt., in addition to its core activities (the operation of power plant equipment and the sale of reserve capacities), the Gas Turbine Business Unit is responsible for carrying out upkeep and maintenance works and participating in the implementation of development tasks specified and financed by its Shareholder. MVM BVMT Zrt. merged into the company on 31 August 2014, thereby gas turbines with 116 MW installed capacity were added to the generation portfolio. MVM GTER Zrt. has been selling the capacity of the power plant units provided by its Shareholder under a lease contract 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 back-up power plant capacities since 1 January 2010. The electricity generated during the operation of 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 Partner ZRt. in the case of status control test operation.

MVM GTER Zrt. operates the equipment of MVM Észak-Budai Kogenerációs Fűtőerőmű Kft. and maintains its technical condition (by performing maintenance and repair activities) under a long-term operation agreement. MVM GTER Zrt. has a total installed gas turbine capacity of 526 MW. In 2014, it contributed to energy production by the Group with its output of 16 GWh.

MVM HUNGAROWIND KFT.

MVM Hungarowind Kft. operates eight wind turbines with a total installed capacity of 23 MW, located in the vicinity of Sopronkövesd and Nagylózs in Győr-Moson-Sopron County. Holding a sales licence, it sells electricity under a Mandatory Power Purchase Tariff scheme.

The well-definable activities of the company are electricity generation through the exploitation of wind energy and its sale. The profitability of the core activity is improved by the maintenance of the reliable operation of the wind farm, the provision of the essential operating conditions and the timely performance of necessary maintenance. In 2014, the wind farm owned by MVM Hungarowind Kft. contributed to the expression of the commitment of the Group to sustainable development and environmental protection by generating 46.4 GWh of electricity.

MVM OROSZLÁNYI ERŐMŰFEJLESZTŐ ZRT.

The core activity of MVM Oroszlányi Erőműfejlesztő Zrt. is the implementation of a project required for maintaining heat supply to the town of Oroszlány and the village of Bokod. The company was established by MVM Zrt. in 2014. The activities of the company originally included, in addition to establishing the operating conditions, the implementation work of a biomass heating plant and development work for the introduction of alternative firing. Meanwhile, the concept relating to a biomass heating plant was replaced by the implementation of a natural gas-fired hot water boiler battery, which will start its commercial operation not later than on 1 January 2016.

The technical services portfolio of the MVM Group comprised the following companies in 2014:

- MVM OVIT Zrt.,
- MVM ERBE Zrt.,
- ATOMIX Kft.,
- ENERGO-MERKUR Kft.

MVM OVIT ZRT.

MVM OVIT Zrt. is the establishment, installation and operating company with the widest sphere of activities in the energy industry in Hungary. It has been performing the establishment, maintenance and development of high-voltage transmission lines and transformer stations for six decades. The activities of this company are essentially associated with the Hungarian transmission network and domestic power plants (thereby its two most important customers within the Group are MAVIR ZRt. and MVM Paksi Atomerőmű Zrt.), and, in addition, it regularly undertakes establishment, maintenance, refurbishment and development tasks for domestic power distribution companies, railway companies, large industrial consumers and foreign customers as well. The area of operation of MVM OVIT Zrt. covers the whole territory of the country, it has sites in a number of regions of Hungary, and employs nearly 1,600 persons. The activities of the company are as follows:

- design, establishment, expansion and overhaul of transmission lines and substations
- maintenance, project management and establishment of power plants
- 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 company tries to offset its sales revenue that has been decreasing for years, as warranted by the high level of completion of the transmission network, through work mainly outside the Group. As a result, the segment outside the MVM Group represents the largest customer group within total sales in 2014. The strategy of the company is to expand on the railway market. In 2014, it managed to win the (GYSEV 16) project relating to the electrification of the Mosonszolnok–Csorna–Porpác railway line and, for its power supply, the expansion of the Sopron West E.ON station with a 120/25 kV unit, which is expected to be completed in 2015.

In the area of telecommunication, the company was awarded the possibility of implementing optical cabling with respect to the design and installation of a GSM-R system (T3) for three pack-

ages out of the possible five. The design tasks as well as the procurement of the materials required for installation were started in the reference period. The design and installation of the GSM-R T1 continued. The most important foreign project to date was launched in 2014 (but sales revenue is expected only from 2015): it relates to the construction of a 185 km long 400 kV transmission line in Jordan over a period of two years. In the segment of power plants outside the Group, the company entered into a contract in December 2014 for conversion to biomass firing at Tatabánya Erőmű Zrt. The Steel Structure Manufacturing and Overweight Transport Business Unit has a significant Western European—mainly German, Austrian and Czech—clientele.

MVM ERBE ZRT.

MVM ERBE Zrt. assumed a key role in the majority of the most important energy projects in Hungary during the period of more than 60 years that has elapsed since its establishment. Its main activities cover power plant projects, large nuclear and conventional power plants, small renewable energy-based power plants (wind, biomass, biogas, landfill gas, solar energy, geothermal energy and waste combustion), combined energy generation and the preparation of the establishment of heating plants and oversight of their implementation. The preparation and management of the projects and development of transmission networks by its engineering office play a prominent role in its work. In its network projects, it also carries out the design and submission for approval of high, medium and low voltage cable and overhead cable networks as well as medium and low voltage transformer stations.

In the approval processes of energy development projects required by the increasingly stringent environmental protection regulations, MVM ERBE Zrt. provides expert consulting and a wide range of environmental protection services primarily for the implementation of the environmental protection obligations of companies.

The Accredited Measurement Technology Laboratory of MVM ERBE Zrt. serves the measurement needs of companies performing the operation and maintenance of energy facilities, and provide comprehensive energy (heat engineering and efficiency) and environmental (emissions and noise) measurements for its customers. It has appropriate measuring instruments, target software and its own resources to carry out measurements, modelling and pollutant transport calculations. In addition to meeting the demand of the MVM Group, similar to previous years, the company has been assuming important technical roles also in the market sphere outside the Group, among other things:

- engineering services relating to the construction of a transmission line for NPC Ukrenergo, Ukraine
- engineering services activity relating to the construction of the Nagykőrös Biogas Plant
- engineering services activity relating to the construction of a 1 MW_e biogas plant for Balassagyarmat Biogáz Erőmű Kft.
- consulting relating to the gas collection system of the Gyál landfill
- technical consulting for the installation of a gas engine at the Hejőpapi landfill
- performance of technical consulting tasks for the financing of the installation of a gas engine unit at the landfill of the Békéscsaba Regional Waste Management Plant
- performance of technical expert activities relating to the financing of the Polgár Waste Incineration Power Plant

ATOMIX ZRt.

ATOMIX Zrt. is a subsidiary owned 100% by MVM Paksi Atomerőmű Zrt. Its services are used essentially by its Owner. Its main activities are: property and security guard protection services, firefighting and environmental cleanup activities, passenger and goods transport activities, operation of sports and recreation facilities, restaurant catering, operation of a canteen kitchen, provision of cleaning and laundry services, educational and education organisational activities and temporary placement of employees.

ENERGO-MERKUR KFT.

Energo-Merkur Kft. is engaged primarily in the wholesale and retail trade of electrical fittings and cables. It is a subsidiary of MVM OVIT Zrt.

Telecommunications and IT services

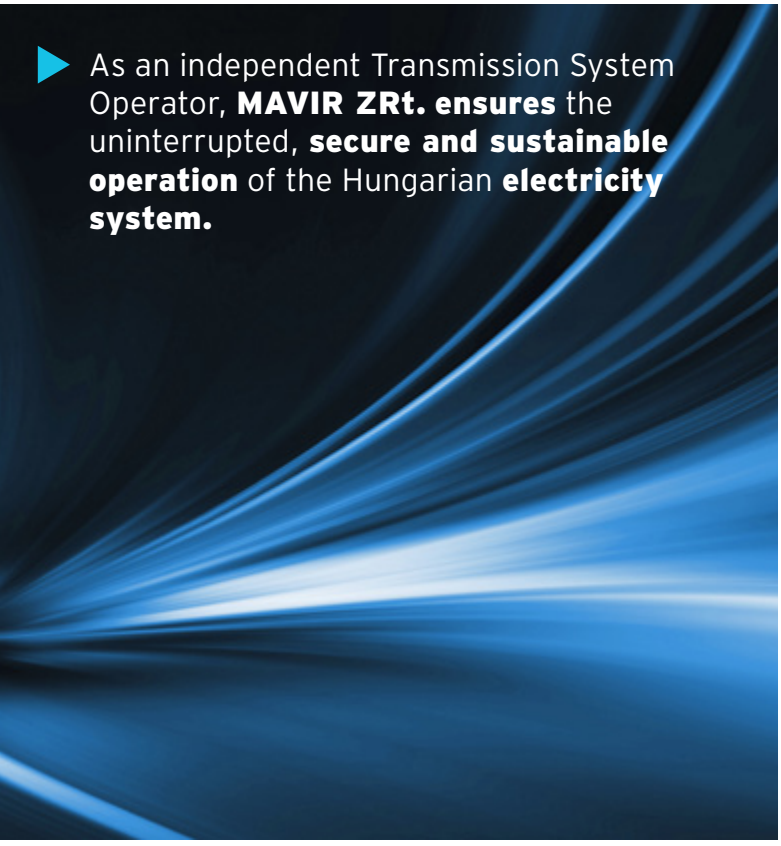
The telecommunications and IT services portfolio of the MVM Group comprised the following companies in 2014:

- MVM NET Zrt.,
- MVMI ZRt.

MVM NET ZRT.

As a result of the changes in law associated with the introduction of the ITO model, the ownership of the telecommunications network of MVM Zrt. was transferred to a newly established subsidiary, MVM NET Zrt., in 2012, by bringing the assets into this company. The company has a key role in providing a telecommunications network serving system operation for MAVIR ZRt. As a member of the MVM Group, it is also responsible for assuming a strategic role in the telecommunications industry, which means serving the infocommunications systems of the Government and customers in the telecommunications market to a high standard. The operational model of MVM NET Zrt. is based on the following three groups of customers:

- ensuring the use of the telecommunications network of system interest used by MAVIR ZRt. for technology purposes
- ensuring the use of the National Trunk Telecommunications Network (NTTN) for government purposes
- providing telecommunications services for business purposes to customers in the telecommunications market



The elaboration of the operational process of MVM NET Zrt. began prior to the start of its establishment by a survey of the processes required for basic operation, the establishment of compliance with the statutory requirements, then the elaboration of a process model describing the daily business operations of MVM NET Zrt. The high priority project of the company in 2014 (450 MHz Project) was rescheduled after it won the tendered frequency band considering the fact that for strategic reasons, a technology change took place in the project with the consent of the owner.

MVMI ZRT.

MVMI Zrt. is responsible for providing IT services to the member companies of the MVM Group and external customers, including the operation and development of infrastructure and application systems as well as related customer service and service management activities. Its most important services are:

- customer service
- IT 'utility' type services (e.g. e-mail, Internet, printing, desktop operation, etc.),
- provision of IT applications (e.g. SAP)
- electronic document management
- software and hardware procurements

Transmission, system operation, natural gas storage and energy exchange operation

At the end of 2014, the Transmission, System Operation, Natural Gas Storage and Energy Exchange Operation Division of the MVM Group comprised the member companies listed below and their subsidiaries:

- MAVIR ZRt.,
- KOM Központi Okos Mérés Zrt.,
- Magyar Földgáztároló Zrt.,
- HUPX Zrt.[4],
- CEEGEX Zrt.,
- HUPX Derivatív Zrt.

MAVIR ZRT.

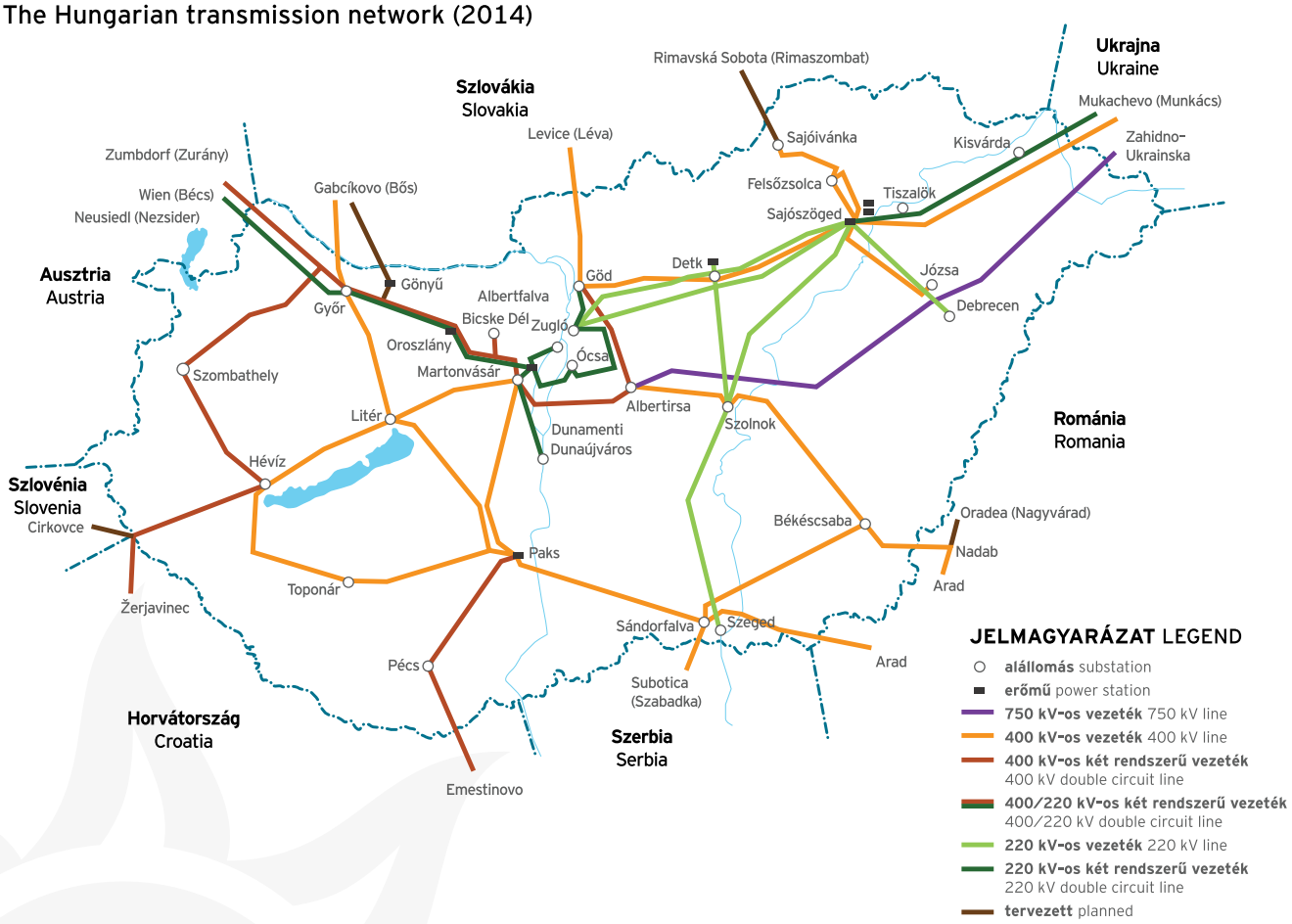
In Hungary, high-voltage electricity is transmitted on a single common transmission line network, which is owned and operated by the Hungarian Transmission System Operator, MAVIR ZRt., which is, at the same time, a member of the MVM Group. The Transmission System Operator operates independently of the other economic operators that use the transmission network, and its independence is prescribed by legislation. In accordance with the relevant statutory regulations, MAVIR ZRt., as an organisation independent of the other participants in the electricity system, is responsible for ensuring a secure energy supply.

[4]HUPX Zrt. is a subsidiary owned 100% by MAVIR ZRt.

As independent Transmission System Operator, MAVIR ZRt. ensures the uninterrupted, secure and sustainable operation of the Hungarian electricity system, the economical and efficient operation and development of the transmission network and the availability of the required reserves; regulates electricity transmission through the system; operates the balance group of the mandatory power purchase scheme; contributes to the establishment of the single European internal market; and participates in the work of international organisations. MAVIR ZRt. transmits the electricity generated by domestic power plants or coming from import sources through the high-voltage network elements in its ownership with the route lengths shown in the table and figure below to distribution licence holders, which in turn directly supply consumers. It is prescribed by law that market players should have access to the transmission network on equal terms. The following table and figure show the transmission lines of MAVIR ZRt.

The transmission lines of the MAVIR ZRt.	2014 (km)
750 kV	**268**
single circuit	268
400 kV	**2,978**
single circuit	1,590
double circuit	1,388
220 kV	**1,393**
single circuit	805
double circuit	589
120 kV	**199**
single circuit	85
double circuit	114
total underground 120 kV	17

A magyar átviteli hálózat (2014)
The Hungarian transmission network (2014)



The amount of electricity transmitted increased by 1.3% compared to 2013.

MAVIR ZRt. (GWh)	2013	2014	Change (%) '14/'13
Sales to the public grid	38,404	38,886	+1.3

MAVIR ZRt. monitors the condition of the domestic transmission network and the international transmission lines, coordinates the maintenance plans of network licence holders, and decides which deenergisation may be allowed and which may not in order for supply to be secure and of high quality at all times. Furthermore, it provides for carrying out network maintenance and refurbishments that are required for improving the operational safety indicators, preserving and augmenting the network assets (transmission lines, substations and substation equipment), and coordinating and implementing works that conform to legislation, the Network Development Strategy and the Shareholders' requirements.

Development activities

By implementing the development needs prescribed in the Network Development Plan (hereinafter: the 'NDP') updated annually and approved by the Hungarian Energy and Public Utility Regulatory Authority and other development activities, MAVIR ZRt. ensures that the level of security of supply is maintained or increased wherever possible, bearing in mind the least cost principle.

The company continued the development works rated by the Hungarian Energy and Public Utility Regulatory Authority as ones serving public purposes, i.e. the overhaul of the aged primary and secondary technologies and, simultaneously, the refurbishment of transmission lines, also in 2014. During the refurbishments, following the practice of previous years, the company performed general overhauls instead of partial refurbishments.

Summary of development activities performed in 2014 in relation to transmission lines and substations

Due to the development works, in accordance with the Network Development Plans, about 572 km of new 400 kV transmission lines and six new transmission network substations were established and several substations were expanded in Hungary between 1999 and 2014. Of these development projects, the last ones were as follows:

In the case of the Dunaújváros (Perkáta) 400/120 kV substation, the construction works started in July 2013 continued in 2014 and are ongoing as planned. The foundation works were completed, and the installation works will be completed by the end of 2015.

The establishment of the Gödöllő (Kerepes) 400/120 kV substation to be implemented by the end of 2016 began in May 2014.

In accordance with the 10-year Network Development Plan (TYNDP) of ENTSO-E covering the whole European Union, the HNP in force approved by the Hungarian Energy and Public Utility Regulatory Authority includes the establishment of two new cross-border transmission lines between Hungary and Slovakia: the Sajóivánka–National Border(–Rimavská Sobota) and the Gönyű–National Border(–Gabcikovo) 400 kV transmission lines. In connection with this, the required expansion of switching devices and transformers need to be carried out at the Sajóivánka substation. After route alternatives had been devised, MAVIR ZRt, jointly with the Slovak System Operator (SEPS), finalised the cross-border points in May 2014. The projects are prepared with European Union aid, the Sajóivánka–Rimavská Sobota transmission line under the TEN-E (Trans European Networks – Energy) programme of the EU in 2010, while the Gönyű–Gabcikovo transmission line was awarded 50% aid from the Common European Framework (CEF) in 2014.

The preparatory works of the Szigetcsép 400/120 kV substation began in 2014. The target date for the completion of the substation is the end of 2017. The purposes of the project entitled 'Implementation of environment conscious projects on the Hungarian transmission network', also implemented from European Union aid, is to enhance environmental awareness by upgrading certain components of the transmission network, to preserve and expand natural values, to expand habitats for flora and fauna, and to increase energy efficiency. In addition to development activities, the overhauls of the secondary systems and network components have been carried on with great efforts in the past years. Due to an increase in telecommunications demand and the deterioration of the quality of certain connections, the company plans to replace protective conductors with 96-strand optical fibre OPWGs on several transmission lines in the coming years. As a result of the refurbishments, a European-level technology ensures that the security of electricity supply is maintained at the European level at the present time not only in the new, but also in the old–occasionally more than 50-year-old–facilities of the transmission network in Hungary.

KOM KÖZPONTI OKOS MÉRÉS ZRT.

In 2011, the Hungarian Government decided that it was also necessary to have, in addition to the smart metering pilot projects of distribution companies, an independent large-scale smart grid pilot project. It raised the funds required for this by taking advantage of the opportunity provided by Article 10c of Directive 2003/87/EC (EU ETS Directive), and submitted a derogation application to the European Commission regarding the allocation of temporarily free emission allowances for the purpose of upgrading electricity generation. The project company KOM Központi Okos Mérés Zrt. owned 100% by MAVIR ZRt. became responsible for the implementation of the intelligent network pilot project set out in the National Plan prepared for the use of the amount so collected. The main task of the Central Smart Metering Pilot Project is to lay the foundation for the SmartGrid

functions of domestic electricity and natural gas networks during metering, data collection and testing. It is also an important goal to encourage system users participating in the pilot project to change their energy consumption habits in order to set a good example. These examples can provide assistance later for the active participation of consumers in the electricity and natural gas markets, thereby allowing both the energy efficiency of Hungary and the security of energy supply to be increased.

KOM Központi Okos Mérés Zrt. was registered under its current new name on 5 March 2014. Using the results of the preliminary surveys relating to the project, KOM Központi Okos Mérés Zrt. prepared a concept for the implementation of the project, and a Detailed Feasibility Study for the establishment and operation of its smart grid pilot project, which, in addition to detailing the project goals to be achieved and presenting the services provided by the infrastructure to be implemented during the Pilot Project, provides a baseline for the preparation of the detailed technical specifications. With the participation of the new subsidiary, smart meters will be installed in several tens of thousands of households in the coming years, which will provide information that is valuable for both consumers and the system operator.

STORAGES' CAPACITIES

53.6 Mm³/day
Withdrawal capacity

4,430 Mm³
Working Gas capacity

31.95 Mm³/day
Injection capacity

Storages of Magyar Földgáztároló Zrt.

Pusztaederics	Withdrawal capacity: 2.9 Mcm/day Injection capacity: 2.5 Mcm/day Working gas capacity: 340 Mcm
Zsana	Withdrawal capacity: 28 Mcm/day Injection capacity: 17 Mcm/day Working gas capacity: 2,170 Mcm
Kardoskút	Withdrawal capacity: 2.9 Mcm/day Injection capacity: 2.15 Mcm/day Working gas capacity: 280 Mcm
Hajdúszboboszó	Withdrawal capacity: 19.8 Mcm/day Injection capacity: 10.3 Mcm/day Working gas capacity: 1,640 Mcm

MAGYAR FÖLDGÁZTÁROLÓ ZRT.

Magyar Földgáztároló Zrt. is engaged in underground gas storage. The four underground gas storage facilities in its ownership in Hungary have a total storage capacity of 4.2 billion m³, thus it is the largest storage provider in Central and Eastern Europe.

HUPX ZRT.

HUPX Zrt. is a subsidiary owned 100% by MAVIR ZRt., which performs its tasks in possession of a licence for operating in the organised electricity market, granted to it pursuant to Decision No. 136/2009 of the Hungarian Energy Office. According to it, it aims at serving market players in a competition neutral way, efficiently, safely, transparently and to a high standard; providing competitive exchange trading and settlement services; and providing reliable price information to the widest possible range of the electricity market, while maintaining its technical neutrality.

HUPX Zrt. ensures trading in the following electricity transactions in the electronically organised electricity market:

- in closed auctions with respect to day-ahead products delivered to Hungary (DAM) and
- as part of continuous trading with respect to physical futures (PhF) products delivered to Hungary

HUPXDAM (Day-ahead) trading commenced on 20 July 2010. In the day-ahead auction market, standard hourly-based and block electricity contracts can be traded, the physical transmission of which is carried out in the Hungarian transmission system. Price-based market interconnection was launched in the Czech, Slovak and Hungarian day-ahead markets and the borders between them on 11 September 2012 for the purpose of implicit capacity allocation.

The trading market of HUPX for physical futures products was launched on 19 July 2012. In the physical futures market HUPXPhF, standard three-front monthly, four-front quarterly and three-front annual baseload and peak electricity contracts can be traded, which are physically delivered to the Hungarian transmission system after their maturity. The electricity sales transacted by HUPX Zrt. are shown in the following table:

	2013	2014	Change (%) '14/'13
Sales of day ahead auction products (MWh)	9,074,023	12,665,572	+39.6
Sales of physical futures products (MWh)	7,134,410	3,637,309	-49.0

In 2012, HUPX Zrt. also continued the preparation of trading in gas and derivative products. To perform the tasks, the company established two subsidiaries, CEEGEX Zrt. and HUPX Derivatív Zrt., back in 2011.

In 2012, a Back Office system was established and the required IT systems (clearing settlement system and CEEGEX portal) were developed at CEEGEX Zrt. The CEEGEX Central and Eastern European Gas Exchange was launched in Hungary on 2 January 2013. The trading platform was established on the pattern of advanced international markets, on the basis of the traders' expectations and in accordance with the already operational standards, thereby also projecting directions for the development of the domestic natural gas market. In addition to compliance with the legal rules, the establishment of the natural gas exchange also facilitates meeting European regulation requirements.

On CEEGEX, market players can have access to day-ahead, monthly and quarterly physical futures products. The transacted products are physically delivered to the Hungarian Gas Balancing Point (HGBP). Delivery is guaranteed by FGSZ Földgázszállító Zrt., while the settlement of the transactions is provided for by KELER Zrt.

Holding management

As holding centre, MVM Zrt. performs essentially the strategic management and control of the business organisations in its ownership. This sphere of activities includes strategic planning and decision-making, the oversight of the members of the Group, as well as the centralised financial management and asset management activities of the Holding Company. The management-type tasks are not applicable to activities that are subject to a licence (electricity generation, system operation, electricity trade and transmission, and activities related to nuclear safety). In the case of MAVIR ZRt., strategic management is performed by guaranteeing its operational independence and in accordance with the provisions of the what is called Compliance Code approved by the Hungarian Energy Office.

A substantial part of the revenues of the company comes from dividend earnings paid by its subsidiaries, associated companies and companies of other forms of participation. In addition, the company leases out the secondary back-up power plants in its ownership to its subsidiary, MVM GTER Zrt. Furthermore, it also draws revenues from letting its own real estates (office building and other properties).

General services

MVM KONTÓ ZRT.

The main function of MVM KONTÓ Zrt. is to provide financial, accounting and payroll accounting services to a high standard for the member companies of the MVM Group.

- Financial services: treasury, money transactions (bank, cashier's desk), entry of supplier invoices in the books, invoicing, entry of customer invoices in the books
- Accounting services: general ledger bookkeeping, asset management, taxation, monthly, quarterly and annual closing and drafting of reports

- HR services: payroll accounting including the computation of salaries, wages and social insurance provisions, keeping of staff records, keeping of cafeteria records, settlement of cafeteria invoices and HR controlling
- SAP user competence centre: support of SAP users, development and training

MVM KONTÓ Zrt. provides its services to 28 member companies of the MVM Group and for four other companies outside the Group. Its customers are usually companies based in Hungary. In the case of one customer, it provides comprehensive services to the Hungarian branch office of a foreign (Austrian)-based company.

RÓMAI IRODAHÁZ KFT.

Római Irodaház Kft. operates, as its core activity, the office building in its ownership (the Central Office Building of the MVM Group), located at H-1031 Budapest, Szentendrei út 207-209., Hungary, which includes letting real estate to the member companies of the MVM Group, as well as maintaining, cleaning and providing security guard protection services for the let premises.

MVM BSZK ZRT.

MVM BSZK Zrt. was established by MVM Zrt. as single shareholder of the company on 25 July 2014. The company aims at providing security services to the member companies of the MVM Group. The provision of services to companies outside the MVM Group and private persons is included in the medium-term goals of the company.

MVM VILLKESZ KFT.

Within the MVM Group, MVM Villkesz Kft. was a company engaged in facility management activities taken in the classical sense. Its other activities included the performance of technical service tasks 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. MVM Villkesz Kft. merged into MVM GTER Zrt. on 31 March 2015.

MVM HOTEL PANORÁMA KFT.

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

MVM HOTEL VÉRTES KFT.

MVM Hotel Vértes Kft. is engaged in the provision of organised holidays and the operation of Hotel Vértes Conference and Wellness Hotel located in Siófok. The hotel has not operated since 20 December 2014. The preparation of the sale of the property has begun.

NIKER D.O.O.

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 'Pension ALBATROS' located in Rovinj.

Environmental protection

Practice of environmental protection management

In performing its activities, the MVM Group influences the condition of the natural and built environments, thus during its operations, it continuously aims at minimising loads to the environment and using minimum amounts of natural resources. In order to protect the environment, the group-level environmental policy of MVM provides a framework for the environmental protection guidelines to be continuously borne in mind during its operations (www.mvm.hu).

The environmental protection chapter of the Report essentially covers those companies of the Group that use considerable quantities of primary energy sources during their operations and have or may have impacts that perceptibly influence the state of the environment. Such influence may be emissions or effluents to the environment (emissions polluting the air and the soil, effluents polluting surface or subsurface waters, noise emissions, electromagnetic or radioactive radiation and the production of a considerable quantity of occasionally hazardous production waste or radioactive waste) as well as impacts on the natural environment, e.g. biodiversity.

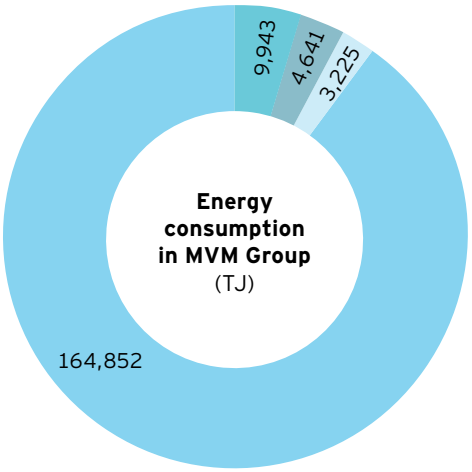
MVM Zrt.	MVM BVMT Zrt.	MVMI ZRt.
MVM Paksi Atomerőmű Zrt.	MVM Hungarowind Kft.	MVM KONTÓ ZRt.
Vértesi Erőmű Zrt.	MAVIR ZRt.	MVM VILLKESZ Kft.
MVM MIFŰ Kft.	MVM OVIT Zrt.	MVM NET Zrt.
MVM Észak-Budai Fűtőerőmű Kft.	MVM ERBE Zrt.	Bánhida Erőmű Kft.
MVM GTER Zrt.	ATOMIX Kft.	MVM Partner ZRt.
Római Irodaház Kft.	MVM Hotel Panoráma Kft.	Magyar Földgáztároló Zrt.
MVM BSZK Zrt.		

In accordance with the practice of previous years, the Sustainability Report of the MVM Group was prepared in 2014, 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 at both the Internet and intranet websites of MVM Zrt. In the MVM Group, nine companies operate Environmental Management Systems. The environmental policies of the certified companies must conform to the environmental policy of the MVM Group. The companies where no Environmental Management System has been introduced are governed by the group-level environmental policy.

Companies which operate Enivironmental Management System (MSZ EN ISO 14001:2005) in the MVM Group
MVM Zrt. (2001., MSZT)
MVM ERBE Zrt. (1999., SGS Hungária Kft.)
MVM Paksi Atomerőmű Zrt. (2002., MSZT)
MVM OVIT Zrt. (2011., EMT Első Magyar Tanúsító ZRt.)
MVM GTER Zrt. (2009., DEKRA Certification Kft.)
Vértesi Erőmű Zrt. (2008., ECM Irányítási Rendszerek Európai Tanúsítási Szolgálata Kft.)
MVMI Zrt. (2007., MSZT)
Magyar Földgáztároló Zrt., (2008., SGS Hungária Kft.)
ATOMIX Kft. (2012., EMT Első Magyar Tanúsító Zrt.)

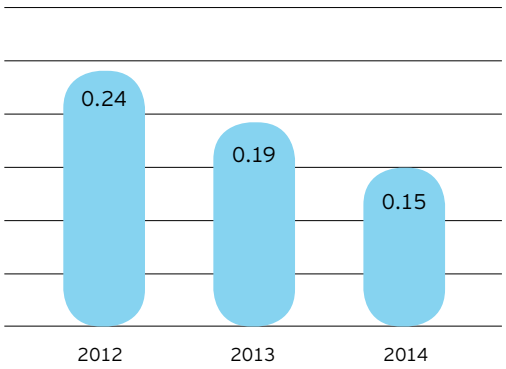
Energy sources used and emissions and effluents

The use of nuclear, fossil and renewable primary energy sources used during electricity and heat generation activities account for direct **energy use** by the MVM Group. With regard to indirect energy use, the Group purchases electricity, natural gas and heat primarily for the purposes of operating its facilities and buildings. Last year, MVM Paksi Atomerőmű Zrt., the largest generation unit in the Hungarian electricity industry, supplied 53.6% of the country's electricity output. The quantity of coal used significantly decreased and the proportion of biomass-based fuel increased at the Oroszlány Power Plant of Vértesi Erőmű Zrt.



The energy intensity indicator of the MVM Group was introduced, which is energy use (TJ) per net sales (HUFm). The MVM Group publishes the indicator retroactively for the past three years as well.

Energy intensity of MVM Group



There are a number of ways to save energy and to reduce energy use. The MVM Group aims at increasing the efficiency of energy conservation and energy use by continuously monitoring and developing its environmental performance.

The complex operation of the MVM Group results in the **use of** a number of **auxiliary materials**. The following table summarises the materials that are the most significant on the basis of the quantities used out of all auxiliary materials used by the Group.

In 2014, the limestone used for the desulphurisation of flue gas accounted for the majority of the auxiliary materials used. The reason for the significant change in the quantity of transformer oils is that the MVM Group monitors the quantity of refill as of 2014.

The quantity of **water used** by the MVM Group is determined by the cooling water demand arising during energy generation. The cooling water taken by MVM Paksi Atomerőmű Zrt. from the Danube amounts to the largest portion of this amount of cooling water used (about 90%). During its water use, the Group complies with all relevant legal rules, holds the decisions of the competent authorities and the declarations of the providers receiving the used water, which are required for operation in conformity with the rules.

Auxiliary materials used in MVM Group (t) in 2014	
Materials for water-using operations	**1,094.5**
Oils	**17.61**
Other materials	**51,763**

Total water used and recycled/reused water in MVM Group in 2014		
Quantity of cooling water used	'000m³	**2,892,964**
Quantity of process water used	'000m³	**1,426**
Quantity of domestic water used	'000m³	**406**
Total water used	'000m³/y	**2,894,797**
Total recycled/reused water	'000m³/y	**224,683**
Ratio recycled/reused water	%	**7.76**

The most significant environmental impact arising from the activities of the Group is the **emission of carbon dioxide** and other **air pollutants** produced during the combustion of fossil energy sources. Carbon dioxide and certain unburned hydrocarbons play a role in climate change caused by the greenhouse effect, while nitrogen oxides and sulphur dioxide damage the environment by generating acid rain. Suspended particles appearing in flue gas (dust) may also pose a hazard to human health due to their size and the harmful materials adsorbed to their surface. The Group aims at always complying with the domestic and EU legislative provisions in respect of air pollutant emissions.

Direct GHG emissions of MVM Group in 2014 (t) *(WBCSD GHG Protocol Scope 1)*	
CO_2 emissions of power plants	**688,636**
CO_2 emissions of vehicle fuel use	**3,614**
CO_2 equivalent of methane emission	**3,077**
CO_2 equivalent of SF_6 gas	**14,675**
Total	**710,001**

Direct emissions include CO_2 emissions by power plants, the CO_2 equivalents of petrol and gas oil used, methane emissions from the flaring and blow-down of natural gas, as well as the CO_2 equivalent of the refill of metal-clad equipment, circuit breakers and measuring transformers with SF_6 in 2014.

Indirect GHG emissions of MVM Group in 2014 (kt) *(WBCSD GHG Protocol Scope 2)*	
CO_2 equivalent of self-consumption	**136.74**
CO_2 equivalent of purchased electricity	**2.65**

Data does not include the CO_2 equivalent of the heat used, because there is no available information for the origin of purchased heat energy.

The indirect GHG emissions include the CO_2 equivalent of the house load and the quantity of electricity purchased.

Air pollutants emitted on the sites of the MVM Group are sulphur dioxide, nitrogen oxides and particulates.

Air emission of MVM Group	**unit**	**2014**
SO_2	**t**	**2,141**
NO_x	**t**	**1,234**
Particulate matter (PM)	**kg**	**4,881**

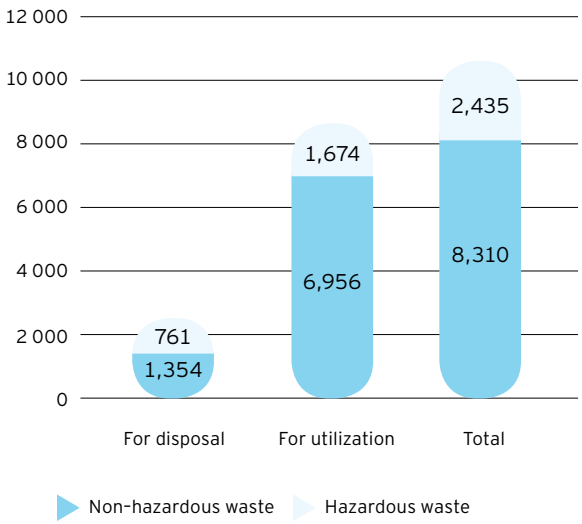
The quantity of liquid effluents from the MVM Group is determined by the cooling water demand arising during energy generation. The **cooling water** taken by MVM Paksi Atomerőmű Zrt. from the Danube amounts to the largest portion of this amount of cooling water used (about 90%).

MVM Paksi Atomerőmű Zrt. actually **reached 0.28% of the emission limit** in 2014.

Total water discharge by quality in MVM Group ('000 m³)	**2014**
Cooling water discharge	**2,887,448**
Process water/ used water	**451**
Domestic waste water	**299**

The member companies of the MVM Group selectively collect the wastes produced by them and, in certain cases, store such **wastes** on their sites on the basis of licences as prescribed by legislation. The companies hand over the hazardous and non-hazardous wastes produced during their operation to waste management organisations holding a relevant licence for recycling, other treatment or disposal. No significant spill occurred at any of the sites of the MVM Group in 2014. The increased quantity of hazardous wastes in 2014 is the result of the demolition of the site of the Gas Turbine Power Plant at Inota.

Waste generated in MVM Group in 2014 (t)

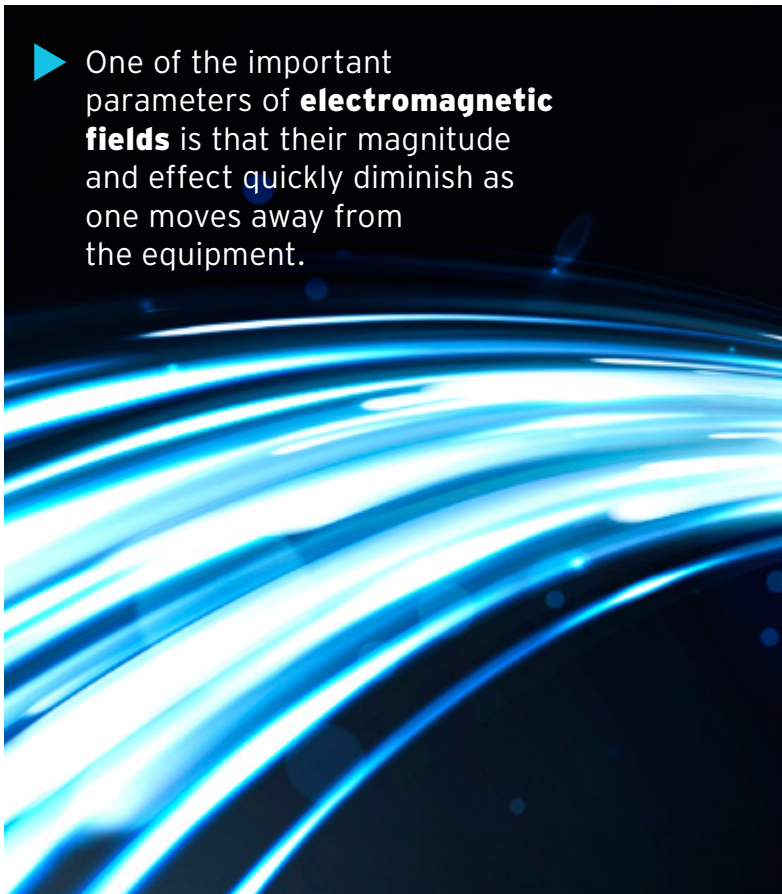


Nuclear environmental protection at the nuclear power plant is responsible for monitoring **radioactive releases** from the power plant, determining their composition, and continuously monitoring the natural and artificial radiation conditions of the environment. Monitoring is performed at two levels: Remote measurement networks continuously measure and monitor the quantities of the most important emissions and ambient radiation as well as the meteorological parameters, providing about 3.5 million pieces of data per year, and sensitive laboratory analyses supplement and render more accurate the remote measurement results. The number of continuously taken (and as far as possible representative) samples per year is nearly 10,000, and the number of mostly nuclide-specific data obtained through their analysis is two to three times as high. The assessment of the nuclear environmental impacts of the power plant is primarily based on how the emissions relate to the isotope selective radioactive emission limits. MVM Paksi Atomerőmű Zrt. actually reached 0.28% of the emission limit in 2014; of this amount, liquid effluents and gaseous emissions represented 0.21% and 0.07%, respectively.

Nuclear emissions	unit	2014
Gaseous emissions		
Total aerosols	**GBq/GW$_e$/y**	**0.89**
^{131}I equivalent	**GBq/GW$_e$/y**	**0.02**
Total noble gases	**GBq/GW$_e$/y**	**14,700**
Total tritium	**GBq/GW$_e$/y**	**2,070**
Total radiocarbon	**GBq/GW$_e$/y**	**352**
Liquid emissions		
Corrosion and fission products	**GBq/GW$_e$/y**	**0.86**
Tritium	**GBq/GW$_e$/y**	**13,000**
Solid waste		
Wastes remaining after processing	**m^3**	**141.4**
Activity	**MBq**	**134,978**
Liquid waste		
Evaporation residues (total)	**m^3**	**3,925**
Decontamination solution	**m^3**	**0**
Spent ion-exchange resins	**m^3**	**4**
Evaporator acid cleaning solution	**m^3**	**0**
Stored liquid wastes	**m^3**	**675.79**
Total stored evaporation residues	**m^3**	**3,925**
Total stored decontamination solution	**m^3**	**560**
Total stored spent ion-exchange resins	**m^3**	**209.21**
Total stored evaporator acid cleaning solution	**m^3**	**211**

Electromagnetic fields develop in our environment as a result of electricity generation, transmission and use. The sources of electromagnetic fields of network frequency (50 Hz) include household appliances, electric tools, industrial equipment, electric means of transport as well as transmission and distribution network components (transmission lines and substations). Electric and magnetic fields develop in the vicinity of such equipment. One of the important parameters of electromagnetic fields is that their magnitude and effect quickly diminish as one moves away from the equipment.

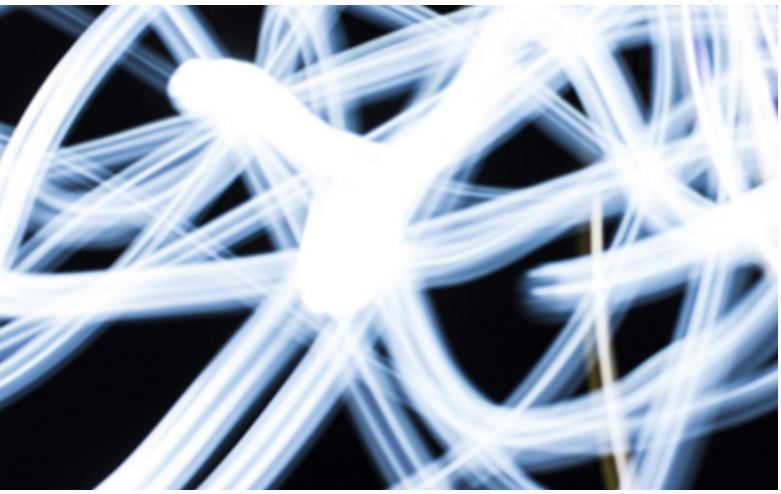
MAVIR ZRt. regards the provisions of Decree No. 63/2004 (VII.26.) EszCsM passed on the basis of the recommendations of the International Radiation Protection Association (IRPA) of the World Health Organization (WHO) and the recommendations of the European Union, which contain identical standards, as applicable to the magnetic fields of transmission lines. The standards were determined through several years of joint work by the representatives of a number of scientific disciplines, taking into account appropriate safety factors.



Biodiversity

As a result of its diverse activities, the MVM Group may have major impacts on biodiversity by operating the power plants and the mine, performing transport, constructing and maintaining the transmission lines, using surface and subsurface waters, occupying areas, emitting air pollutants and disturbing habitats. In order to prevent the major potential impacts listed above, they ensure that negative impacts are avoided by taking appropriate measures during the planning, scheduling, implementation and abandonment of the individual energy industry activities.

MVM Zrt. engaged the Hungarian Natural Science Society in 2013 to carry out a biodiversity assessment of the bottom and fly ash lagoon of the Vértes Power Plant (Oroszlány) and the vicinity of the Litér Quick-start Gas Turbine Power Plant covering a calendar year. The purpose of the assessment was to make proposals for the further fate of the areas, the maintenance of their current condition, the development of biodiversity and the preservation of bird habitats from the experiences gained during monitoring over four seasons and the hydrobiological, botanical (floristic) and ornithological findings.



The plant site of **MVM Paksi Atomerőmű Zrt.** is adjacent to a NATURA 2000 area designated along the Danube ('Tolna Danube Branch', HUDD20023). The National Park Directorate for Southern Transdanubia is the management agency of NATURA 2000 areas. In Paks and area, areas under national protection and Natura 2000 areas are a souslik meadow, a white-tailed eagle nest and the Dunaszentgyörgy boggy meadows.

The ash lagoon of the Oroszlány Power Plant of **Vértesi Erőmű Zrt.** is located 9 km from the NW boundary of the Vértes Landscape Conservation Area. The local mine and industrial sites have considerably changed the natural environment of the area. The proportions of surfaces covered by natural vegetation and landscape components to be protected are low in the assessed area.

The back-up quick-start gas turbine Litér Power Plant of **MVM GTER Zrt.** built in one of the most important transmission line hubs in the country in 1998 was established in the vicinity of Mogyorós-hegy, a hill, forming part of the Lake Balaton Uplands National Park.

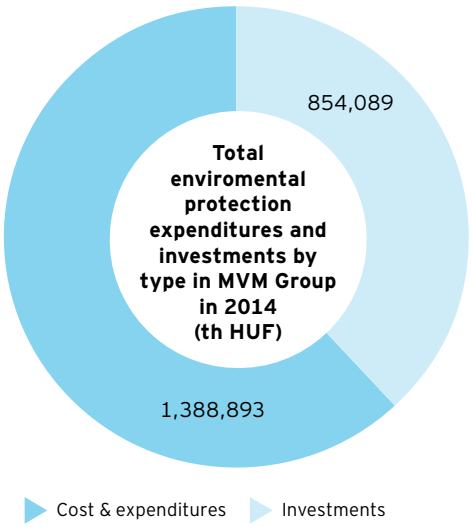
In the case of **MVM OVIT Zrt.**, it may occur as a result of its activities that it is required to perform its installation works in, or in the immediate vicinity of, protected areas. In these cases, special regulations apply to the processes of the given work.

The existing grid is operated and new transmission lines and substations are established in a natural environment on every occasion, which represents major responsibilities for **MAVIR ZRt.**. The Company has been running successful bird protection programmes together with bird protection organisations for years already. The Great Bustard protection (bird diverter) and birds of prey (artificial nest) programmes formed the backbone of the bird protection programmes of MAVIR ZRt. in 2014.

Environmental capital projects and expenditures

In performing its activities, the MVM Group aims at achieving full compliance with the legislation. To this end, some of the most important objectives are to keep a record of, and continuously monitor, the environmental protection legislation and other requirements relating to the activities of the Group, to become familiar with the legislation and requirements, to identify and implement the tasks of the company arising from them, to evaluate the performance of such tasks, and to evaluate compliance with the regulations and the requirements.

The MVM Group fulfilled its obligations prescribed by environmental legislation and the relevant decisions of the authorities also in 2014. In 2014, Vértesi Erőmű Zrt. was obliged to pay an environmental fine of HUF 4.6 million, which was imposed by the authority due to pollutant emissions during the maintenance period of the desulphurisation plant.



Corporate social responsibility

The MVM Group is a successful, strong company group with major regional presence. In accordance with its vision, it is the fourth most important business association in Hungary and the 20th in the Eastern and Central European Region. In the long term, it acts in the interest of the security of energy supply to, and sustainable future of, Hungary, its economy and the population, which is one reason why its high priority projects are presence in the natural gas industry with increasing emphasis (both in regional natural gas transmission and storage as well as in trade and direct supply to the population and business consumers), further growth that can also be implemented by planned acquisitions (including ones of regional importance) while maintaining creditworthiness, as well as cutting residential electricity and natural gas prices.

Entrusted with providing a secure energy supply to Hungary and as a key player in the energy sector, the MVM Group is responsible for supporting the economic efforts of the then-current Government and implementing the priorities set in the Energy Strategy. The MVM Group has met the business and communications challenges, and in addition to its responsible operation, also assumes a major role in the support of causes of concern for the whole society, the achievement of the goals of society, as well as the protection and development of our common values.

The expansion of the sphere of activities of the Group also generated significant changes in the area of communication. In presenting its new areas of operation, the MVM Group performed a more open, spectacular and marked communication than previously.

High priority communications programmes of the MVM Group in 2014

During the past years, the awareness about, and the reputation of, the MVM Group have also been enhanced in a measurable way, as also demonstrated by professional recognitions, e.g. the Business Superbrand Award won for the third time and the MagyarBrands Award won for the forth time by MVM Zrt.
The most important milestones of the communications activities in 2014 were the sustainability programmes and campaigns and information and attitude-shaping programmes presenting energy sources without greenhouse gas emissions: renewable and nuclear energy; the touring of the country by an Interactive Lorry bearing the logo 'Energy for Our Future' and the 4th MVM Energy Race; as well as the newer stages of the implementation of the regional growth plan of the Group and activities familiarising the public about the company abroad, increasing awareness about it and related to sports events, and prominent appearances associated with culture, which provide grounds for the implementation of the regional growth plan.

4th MVM Energy Race

As a continuation of its event establishing a tradition and unique initiative, the first to be held in a European capital in 2011, MVM Zrt. organised the fourth muster and race of alternative powered vehicles in Hungary at the Pest abutment of the Chain Bridge, Budapest on 20 September 2014. Green technologies already available today, which vehicle manufacturers can use even today for protecting the environment, were paraded at the 4th MVM Energy Race, but prototypes, modified mass production vehicles, electrically-powered motorcycles, go-karts, and solar-, compressed air- and human-powered vehicles, each operating without pollutant emissions, also toed the line. More than 60 innovative vehicles were competing in seven categories in the continually renewed muster in 2014.

Sustainable transport

As one of the largest company groups in Hungary and as a market player guaranteeing a secure energy supply, MVM Zrt. must set a good example in spreading an environmentally aware mentality committed to sustainable development. The medium-term goal of the MVM Group is to further reduce its carbon dioxide emissions; an emphatic element of, and possibility for, this is putting environmentally friendly motor vehicles into service. The Group operates two electric cars, one Citroën C-Zero and one Opel Ampera, for experimental purposes. Its staff can travel in the vehicles without greenhouse gas emissions. The 'electric cars' also play an important role in the public information and attitude-shaping campaign of MVM; they help show day after day and also at the most important festivals and mass events that the future lies in emissions-free electricity and transport.

Interactive Lorry bearing the logo 'Energy for Our Future'

After Parliament had granted its consent in principle in the spring of 2009 to the maintenance of the capacity of the Paks Nuclear Power Plant and the preparation of the construction of new nuclear power plant units, MVM Zrt. and MVM Paksi Atomerőmű Zrt. launched a travelling exhibition. The interactive exhibition set up in the articulated lorry gives a comprehensive picture of the use of nuclear energy for peaceful purposes, nuclear power plants around the world and, in particular, the Paks Nuclear Power Plant, which has been safely operating for 30 years and gives more than 50 per cent of the domestic electricity output, the details of the maintenance of nuclear power plant capacity, as well as its favourable impacts on the economy and environmental protection.

Due to the positive reception of the travelling exhibition set out on a tour around the country, MVM Paksi Atomerőmű Zrt. and MVM Paks II Atomerőmű Fejlesztő Zrt. continued the information programme also in 2014. The Interactive Lorry bearing the logo 'Energy for Our Future' also showed up at the largest festivals visited by young people in Hungary (VOLT, EFOTT, the Valley of Arts and SZIN) and the most important family events: the Debrecen Flower Carnival, the Szerencs Chocolate Festi-

val, the Nyíregyháza VIDOR Festival and the Csaba Sausages Festival. A total of more than 200,000 interested members of the public have visited the exhibition already.

Bird protection programme

MAVIR ZRt. has been laying special emphasis on its bird protection activity along the high-voltage network for years. Nature conservation is an important consideration in development decisions, too. As part of the Cultural Heritage Days, the company acquainted visitors to its Central Office Building with its exemplary environmental protection efforts at an interactive demonstration. The programme was promoted through the projection of films, a drawing contest, the preparation of artificial nests and a 'meeting' with great bustards. In addition, the bird protection and awareness-raising project called 'Observe a nest of birds of prey' also continued, under which the life of a saker family could be monitored round the clock. Due to online video monitoring, the programme reached more than 434,357 visitors in 104 countries of the world.

MVM EHF Final4

The MVM Group has been the prominent sponsor of sports life—mainly successful competitions and events and teams of national and international importance—for years, thereby also contributing to increasing the commitment of society to sports and health-aware lifestyles. This is why MVM Zrt. entered into a naming sponsorship agreement with the Hungarian Handball Federation for the Women's Champions League Final Four. The MVM EHF FINAL4 was organised in Budapest on 3 and 4 May 2014. Four star teams, the title defender Győr Audi ETO KC, the 2012 Champions League Champion ŽRK Budućnost Podgorica of Montenegro, ŽRK Vardar Skopje of Macedonia and FC Midtjylland of Denmark pit themselves against each other at sportsmanlike matches to an outstanding standard. The Hungarian team, which was preparing for the event with support from MVM Zrt. as its prominent main sponsor, became again the champion of champions with sensational performance.

European Water Polo Championship

One of the most important sports events of international significance in the year was the organisation of the European Water Polo Championship in Budapest. Under a contract concluded with the Hungarian Water Polo Federation, MVM Zrt. supported the organisation of the European Championship as the largest national sponsor, and also organised a novel promotion game to find the most committed water polo fans.

The company was looking for a seven-member team of the most fanatic fans of the Hungarian national team. Teams could apply to the game of MVM announced on its official Facebook page by uploading photos and creative fans' cheering rhymes, then they had to collect votes with the help of friends, acquaintances and fans. The teams that collected the most votes could prove at a personal introductory meeting after the public training session of the national team in the Hajós Alfréd Swimming Pool Complex serving as the venue for the championship on 10 July that they are the most fanatic water polo fans. At the event, water polo icons such as Dénes Kemény, Chairman of the Hungarian Water Polo Federation, Tamás Kásás, three-times Olympic champion water polo player, András Merész, Women's National

▶ Under a contract concluded with the Hungarian Water Polo Federation, **MVM Zrt. supported** the organisation of the **European Championship as the largest national sponsor**.

Team Coach, Orsolya Takács, Skipper of the Women's National Team, or István Gergely, two-times Olympic champion water polo goalkeeper, decided on the winner. Every member of the winning team won one ticket to all matches involving the Hungarian team at the European Championship, where they were given a leading role in putting the Hungarian spectators in the mood, cheering for the national team and creating a fantastic atmosphere. The winners also received the official sportswear of the Hungarian national team (trunks/swimsuits, swimming robes, slippers, bags and water polo caps) and signed T-shirts.

The MVM Group also thought of the disadvantaged on the occasion of the water polo tournament: thanks to it, Margaret Island hosted a special training session for charitable purposes during the European Water Polo Championship in Budapest. At the unforgettable training session, led by Dénes Kemény, children in care, supported by the International Children's Safety Service, jumped into the pool together with Olympic champion water polo players.

A38 Light Painting and Light Workshop

The MVM Group lays great emphasis on reaching out to young people among the public who consciously make choices in their brand and economic decisions, and who prefer, among other things, Ship A38 as their most favourite place of entertainment, which won the title of 'The Best Club in the World' in 2012 and 'The Best Nightclub in the World' in 2013 in Lonely Planet's voting, together with which it launched the A38-MVM Light Workshop and the A38-MVM Light Painting programme series. At the Craft Award competition of Kreatív Magazin (Creative Magazine), the first prize went to the 'Light technology solutions of the A38-MVM Light Painting and the A38-MVM Light Workshop', which were implemented by the also internationally noted visual arts group called 'Burning Out Bulbs' and renowned guest artists. Within the programme series A38-MVM Light Workshop, four already known and four emerging bands could give concerts on the stage of the ship.

Rembrandt exhibition

With the support of the Museum+ programme of the Museum of Fine Arts, the MVM Group also considers one of its especially important cultural tasks to facilitate the implementation of certain prestigious exhibitions, which are highly important in Hungarian cultural life. In 2014, the support of the exhibition entitled 'Rembrandt and the painting of the Dutch Golden Century' continued the road started with the aid provided to the creation of the exhibition entitled 'From Caravaggi to Canaletto' in 2013, further enhancing the recognition of fine arts by the MVM Group.

VeszprémFest

One of the most dynamically developing outdoor cultural events in Hungary, VeszprémFest, was implemented in 2014 with MVM Zrt. as its main sponsor. It brought world-famous jazz, world and classical music, and pop performers to the highest standard to visitors. Among others, British singer Katie Melua and the bands The Brand New Heavies and Vaya Con Dios appeared on stage.

Corporate social responsibility

As the largest national energy company group, engaging in responsible and well-thought-out business practices, MVM is committed also to taking a role in the achievement of causes of concern for society as a whole to an extent commensurate with its economic weight.

The MVM Group performed its marketing communications activity subject to the provisions of Government Decree No. 247/2014 (X.1.) on the National Communications Office and the Centralised Public Procurement System of Government

Communications Procurement and the requirements set by the representative of the majority Shareholder. According to this, all marketing communications activities of the companies of the MVM Group, including sponsorship, support and barter agreements, could be carried out only if agreed to by the Minister for National Development in advance and consented to by the President of the National Communications Office. MVM Zrt. submitted all requests for support, sponsorship and donations received by the members of the Group after adding its professional position to them to the Minister and the President of the National Communications Office. The companies proceeded by accepting the feedback received in the case of both their corporate social responsibility activities and other marketing communications activities as binding on them.

The MVM Group has been consistently focusing its sponsorship policy on the following areas since 2011:

- **Support of universal and domestic cultural values, including paying special attention to musical and fine arts:** The MVM Group considered it especially important also in 2014 to support those who enrich the country with their knowledge and talent. With the globalisation of culture, our young artists may succeed anywhere in the world, but the MVM Group would also like to contribute to ensuring that talents receive the greatest recognition in Hungary. Therefore, also in 2014, the MVM Group supported the Hungarian Junior Prima Award category in musical arts, aimed at embracing the most talented, young Hungarian performers in classical music for the seventh year, who could show their talent also in the most outstanding concert series of Hungarian classical musical life, the MVM Concerts series, which also invites foreign artists who can make their appearance at the most pre-eminent concert halls in the world. The series that it had started continued in 2014; among others, Mitsuko Uchida, Yevgeni Sudbin and Nikolai Lugansky appeared on stage during the MVM Concerts. The talent sponsorship programme 'Give Opportunity to Talents!' launched in 2011 also continued. Its main mission was to present musical performances and musical instruments for educational purposes, to arouse children's interest in learning classical music and to strengthen their love for music. In the area of light music, MVM Zrt. has been supporting famous young and renowned Hungarian performers and world-class performances for years, such as Zorán, Ferenc Demjén and Adrien Szekeres' concerts or, through MVM Paksi Atomerőmű Zrt., Balázs Havasi's feature-length appearance and the cooperation between MVM Partner ZRt. and the band Hooligans. MVM Paksi Atomerőmű Zrt. has been the main sponsor of the leading Hungarian jazz and blues festival, Gastroblues, and the 'Flower of Fire' living history dance ensemble of Paks for two decades. MVM Paksi Atomerőmű Zrt. also sponsors outstanding ensembles in the area of world music and folk music such as the Csík Orchestra and the Ghymes Ensemble. The MVM Group lays great emphasis on reaching out to young people among the public who consciously make choices in their brand and economic decisions, and who prefer, among other things, Ship A38 as their most favourite place of entertainment, which won the title of 'The Best Club in the World' in 2012 and 'The Best Nightclub in the World' in 2013 in Lonely Planet's voting, together with which it launched the A38-MVM Light Workshop and the A38-MVM Light Painting programme series. At the Craft Award competition of Kreatív Magazin (Creative Magazine), the first prize in the 'Best Lighting System' went to the 'Lighting Technology Solutions

of A38-MVM Light Painting and the A38-MVM Light Workshop', which are implemented by the also internationally noted visual arts group called 'Burning Out Bulbs' and renowned guest artists. The support of the Museum+ programme of the Museum of Fine Arts has been one of the especially important cultural tasks of the MVM Group for years. In addition, the sponsorship of the exhibition entitled 'Rembrandt and the painting of the Dutch Golden Century' in 2014 continues the road started with the aid provided to the creation of the Caravaggio exhibition in 2013, further enhancing the recognition of fine arts by the MVM Group. It brought world-famous jazz, world and classical music and pop performers to the highest standard to visitors. In addition to all this, MVM also sponsors the Anna Ball, which has over a century of traditions, and the Pannonhalma Arcus Temporum Festival.

- **The primary goals are to promote knowledge-based society and, in connection with education and science, to support the coming generation:** As an innovative, knowledge-intensive company group, MVM Group also pays special attention to supporting education. The company is a prominent sponsor of the University of Debrecen, the University of Óbuda and the Budapest University of Technology and Economics. In addition, the company supports a number of university and other domestic and international professional programmes, while it is also the prominent sponsor of the Museum of the Hungarian Oil Gas Industry through Magyar Földgáztároló Zrt. MVM Paksi Atomerőmű Zrt. is the prominent sponsor of several research institutes of the Hungarian Academy of Sciences and the Budapest University of Technology and Economics, and is also the main sponsor of the Foundation operating the Power Engineering Vocational Secondary Boarding School in Paks. In addition to a number of university and other domestic and international professional programmes, the Group also supports, among other things, the Polgár Judit Chess Foundation. MVM Zrt. also helped the work of the WIGNER Physical Research Centre of the Hungarian Academy of Sciences.

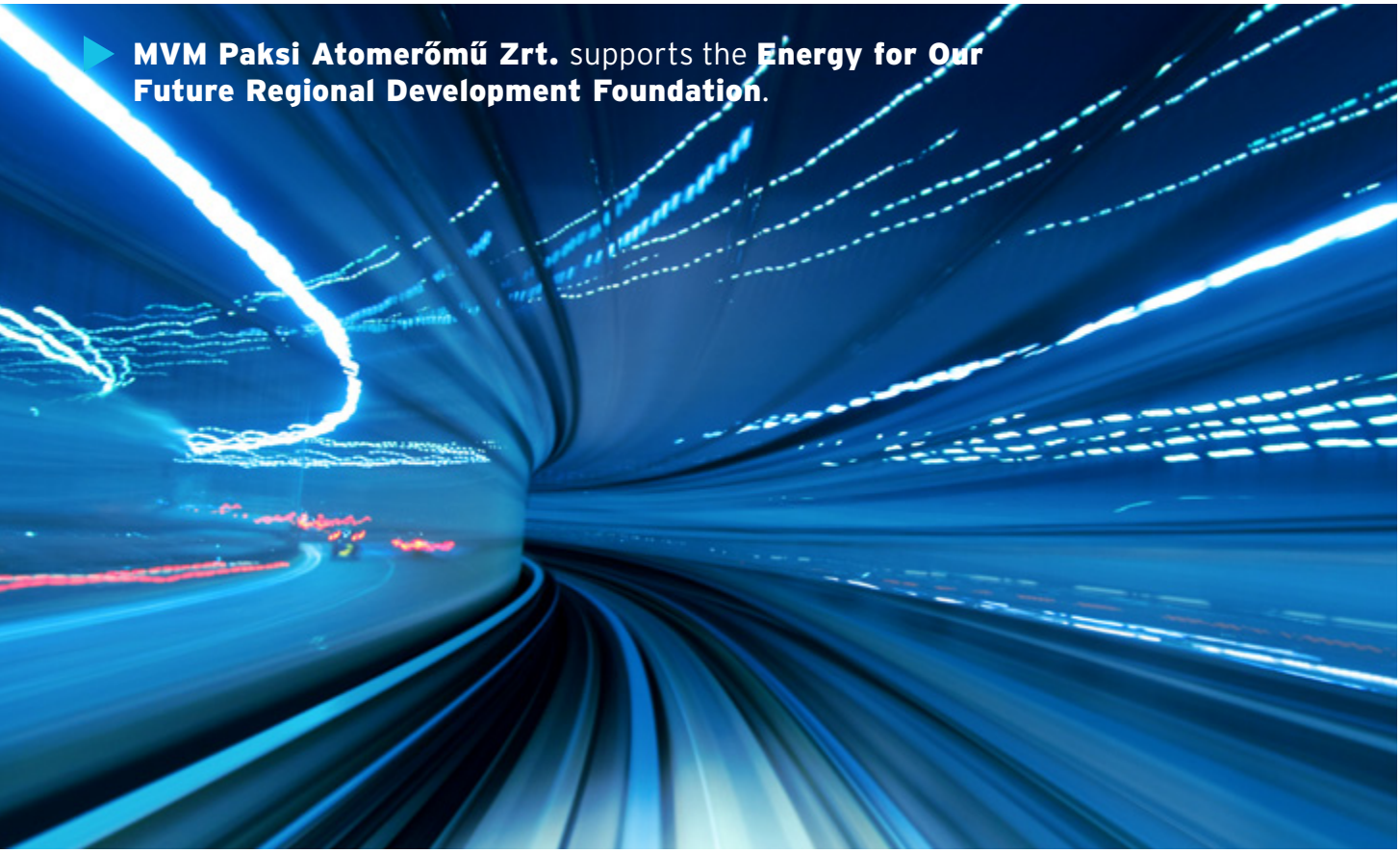
- **Sponsorship of competitive and recreational sports, with events of national importance as a priority:** The MVM Group has been a prominent sponsor of sporting life for years in order to increase the commitment of society to sports- and health-aware lifestyles. The MVM Group has been the naming sponsor of the MKB-MVM Veszprém Men's Handball Club and the prominent main sponsor of the Győr Audi ETO Women's Handball Club since 2013. With regard to the more recent domestic and international successes of both teams—since after a lengthy march, both the Győr and Veszprém teams made it to the Final4 seeing the four best teams in Europe pitting themselves against each other—the National Energy Group decided to enter into a naming sponsorship contract in 2014 with the Hungarian Handball Federation for the semi-finals, organised for the first time, of the MVM EHF FINAL4 Women's Handball Champions League, where the multiple Hungarian champion and Champions League title-defending Győr team could play in the court before a domestic audience and could win again the trophy that goes to the best in Europe. The Group helps Hungarian successes. For this very reason, it embraced one of the most important events of one of the most popular branches of sport in Hungary, the Water Polo European Championship, in 2014. It is an honour for us that MVM Zrt. could be the largest national sponsor of one of the championships on the Continent with the greatest history, organised again in Budapest, thereby contributing to the further strengthening of the reputation of our country and the company. The sponsorship of the EICH Hockey Gala organised by the Hungarian Ice Hockey Federation and the Kaposvár Basketball Club also served this effort. The MVM Group also pays special attention to supporting the disabled also in the area of sports sponsorship: MVM Zrt. is a sponsor of the disabled horse riding events of the National Gallop, and gives out special prizes at the event. In this context, it helps organisations that cure patients by horse therapy (Horse Therapy for the Disabled Association and Daniló Sports Club) year after year, and has been helping the work and preparation of the Special Olympic Team from the outset. The Group helped the work of the Hungarian Hikers Association at the intersection of the areas of sport and nature conservation. MVM Partner ZRt. supported the deservedly popular Tennis Classics sports events in 2014 and, in the area of regional basketball sport, it sponsors the Sopron Basketball Club. MVM Paksi Atomerőmű Zrt.'s own sports club, the ASE, has been producing some great results in basketball, kayak and canoe, and judo for years, but the power plant stood also side-by-side with the MVM Paks Football Club. In addition to sponsoring the Szolnok Water Polo SC as a priority, Magyar Földgázkereskedő Zrt. is a joint sponsor, together with Magyar Földgáztároló Zrt., of the regional ABA Basketball League.

- **Charitable activities:** As a key player in the industry, it is a moral obligation of the MVM Group to support the distressed, the defenceless and the victims of natural disasters. It organised an MVM Rally Day for the seventh time in 2014, too, for small children with disabilities, sick ones in need of prolonged hospitalisation and disadvantaged ones, whereby the MVM Group spent its funds intended for giving out gifts at the end of the year for charitable purposes: MVM Zrt. is one of the prominent sponsors of the Hungarian Ecumenical Aid Organisation, the Hungarian Association of the International Children's Safety Service, the Down Foundation and the Óbuda Family Advisory and Children Protection Centre. In addition, it has been supporting the All Children Should Eat Their Fill Foundation for years. Also as part of the Rally Day, MVM Partner ZRt. has been sponsoring the four most prominent paediatric clinics: the Heim Pál Children's Hospital, the Bethesda Children's Hospital and Paediatric Clinics No. 1 and 2 of Semmelweis University, as well as the Hungarian Foundation of the SOS Children's Village for years. Thirty disadvantaged children supported by the Hungarian Ecumenical Aid Organisation received a training session, which gave them an unforgettable experience, as a present in the spring of 2014, since the male players of the MKB-MVM Veszprém KC and the female players of Győr Audi ETO KC were training together for the first time and also involved the children in their play. With a similar aim, the Group also

organised, jointly with the Hungarian Association of the International Children's Safety Service, a meeting for disadvantaged children at the Water Polo European Championship, where they could play with famous water polo players. The sponsorship of the event series 'Advent Celebrations at the Cathedral' was a worthy and solemn conclusion of 2014, when children in need were entertained and given presents by the executives and employees of the MVM Group.

- **Environmental protection and sustainable development:** The environmental protection responsibility assumed by Hungarian power companies is especially important not only from the point of view of society, but also of the economy. In the 21st century, it is natural for a large company to perform its operations in harmony with its environment and environmental values, thereby also ensuring sustainable development. For this very reason, in connection with the programme series of the European Mobility Week, the main sponsor of which was also MVM Zrt., our company organised the race of alternative powered vehicles, the MVM Energy Race, considered unique of its kind among European capitals, in 2014 for the fourth time; its main objective was to promote carbon dioxide emission-free transport. The MVM Group has a prominent role in increasing the proportion of renewable energy sources, reducing the energy dependence of Hungary and improving energy efficiency. Under its sponsorship programme, the MVM Group has donated domestically developed and manufactured environmentally friendly solar energy conversion devices working on the principle of solar parabola to more than 10 social, health care and education institutions.

- **Sponsorship of the preservation of national values in the region:** One of the key directions of sponsorship is the preservation of cultural values and the nurturing of our national heritage both in Hungary and in areas beyond its borders. As part of the cooperation established to achieve these goals, the MVM Group provides assistance to Hungarians living outside Hungary's borders and the organisations uniting them. The relevant activities of our company well reflect its commitment to national causes and its efforts to embrace Hungarians living outside Hungary's borders, since helping the causes of all Hungarians can well fit in with the mission statement of the Group. Our mission is to become a key company group also at the regional level. Therefore, in addition to the foregoing, their sponsorship is also justified by the growth of the Group in the region, during which the name of MVM may become known in the region and in the countries representing target markets for trade as one that can be associated with positive causes. The Group has been sponsoring the implementation of the Bálványos Summer Free University and Students' Camp in Romania, the organisation of the Csángó Ball (Csángós are Hungarian-speaking natives of Moldavia, Romania) and the work of the Rákóczi Association for several years. Therefore, it supports the Energy for Our Future Regional Development Foundation, which has set itself the objective to develop a total of 41 towns and villages located in the Paks and Kalocsa sub-regions and in the northern part of the Szekszárd sub-region. The preservation, nurturing and maintenance of values, traditions, culture and education relating to mining in Hungary remains especially important for Magyar Földgáztároló Zrt.



Human resources policy

Among operational support processes, human resources management has a prominent role. The group-level regulations applicable to uniform HR operation (decentralised time punching, recruitment and selection, remuneration of executives, performance evaluation, planning and implementation of training, HR planning and controlling, uniform employment contracts and information brochures) were adopted by the individual companies within the Group.

Employees

The closing statistical headcount of the companies of the MVM Group was 8,290 as at 31 December 2014. This represents an increase of 97 year-on-year (8,193 persons in the previous year). In 2014, 99% of the employees worked full time and 96% of them had indefinite-term employment contracts.

Recruitment

In order to replace specialists who may leave and to smoothly fill any vacancies arising as a result of retirement and positions opened due to new demand, the Group fosters intensive relations with a number of secondary and higher education institutions. Among them, the base school of MVM Paksi Atomerőmű Zrt. operating since 1986, the Power Engineering Vocational Secondary Boarding School in Paks, as well as the Budapest University of Technology and Economics, the Corvinus University of Budapest and the University of Óbuda are to be pointed out specifically. In order to support—and eventually recruit—outstanding talents, the member companies regularly receive students from higher education institutions for a few weeks or months of practical placement or conclude learning agreements with them. The Group operates a central career webpage, where the positions to be filled at the companies appear on a shared interface. The companies appear with their job offers at major job fairs in a coordinated way.

Remuneration

The Group operates a job assessment-based wage classification system in order to ensure competitive and equitable remuneration. In addition to the annual bonus system regulated at the group level, the remuneration system is considerably based on the differentiated recognition of employee performances. The proportion of those participating in performance evaluation was 30.88% in 2014. This optional fringe benefit package (OFB or cafeteria) allows the employees to individually include the benefits used. The optional elements are laid down in the agreements concluded with the advocacy organisations, taking into account changes in taxation. The annual wage agreements stipulate the maximum amounts, which may be spent on social and welfare benefits. The itemised distribution of the latter is determined by the employers in agreement with the local works councils on the basis of local characteristics. Pursuant to the provisions in force of the Collective Agreement for the Electricity Sector, the employer assumes part of the dues corresponding to minimum 4.5% of the gross pay of employees holding membership in a voluntary pension fund. The voluntary pension fund dues correspond to 1.5% of the contribution base.

Employee advocacy organisation

In the MVM Group, a multi-level (local and group-level) collective bargaining scheme is in place, which is connected to collective bargaining at the electricity sector and national levels. Out of the companies of the MVM Group, local trade unions operate at 15 companies. The trade unions of the companies established the Trade Union Federation of the MVM Group (hereinafter: the 'TUF') in 2007. Under the cooperation agree-

ment concluded by the employers belonging to the MVM Group and the TUF, group-level trade union rights are exercised at the Interest Reconciliation and Consultation Forum of the MVM Group (hereinafter: the 'IRCF') at group level.

The immediate scope of the Collective Agreement for the Electricity Sector (hereinafter: the 'CAES') extends to seven companies of the MVM Group. The social partners began to negotiate the MVM Group-level Collective Agreement (hereinafter: the 'GLCA') through the IRCF in 2013, which is expected to be closed in the first half of 2015. The scope of the GLCA will directly extend to 14 companies, and the other companies will issue regulations of an identical content. In addition to the trade union advocacy system, the employees exercise their participation rights through works councils elected by the employees every five years. For organisational changes affecting several companies, the provisions of the group-level industrial agreement concluded with the Group-level Works Council ('GLWC') must be applied.

Commitment

The MVM Group conducts regular commitment surveys among its employees. In 2012, 16 companies took part in the survey. After the data collection phase of the survey was closed (where 52% of 7,111 persons, 3,715, completed the electronic and paper versions of the questionnaire), focus groups validated and adjusted the results through the involvement of 408 persons. The executives of the companies and the Holding Centre processed the results at feedback workshops. On the basis of the survey results, commitment-improving campaigns were devised and implemented. The survey will be repeated in 2015.

Training and education

In addition to company-level training, group-level development and future specialist training programmes are given increasing importance:

Manager Development Programme

All Executives and Managers working in the Group participate in the programme. A spring and an autumn one-day manager forum and a two-day training course regarding the development goal in the focus of the given year are organised every year under the programme.

Energy MBA

On the basis of the strategic objectives of the MVM Group, a two-year private MVM Group-level Energy MBA programme was devised and began with the participation of the Corvinus University of Budapest with the enrolment of 20 persons in February 2014.

The training contributes to the professional development of the talented staff participating in the programme, to ensuring succession planning, to the staff's conscious career development within the Group, and to the strengthening of their loyalty and commitment.

Professional Talent Programme

Seventy-five employees participated in the first class of 2012 to 2014. Another 53 employees participate in the second class of 2015 to 2016. The goal is to intensively develop and motivate specialists who provide outstanding professional performance and to prepare them for possible rotation within the Group. The two-year development programme focuses on project management skills.

Executive Succession Planning Programme

Fifty employees participated in the first class of 2012 to 2014. Another 38 employees participate in the second class of 2015 to 2016. The goal is to develop the competence of potential successive executives and to support their possible progress by development.

Knowledge Management Project

The working group has been focusing on areas of the core activities of the companies that are critical from the point of view of knowledge loss since January 2013. It is looking for solutions to challenges that enable the companies to manage their existing resources more efficiently, and are directly or indirectly associated with knowledge management. It organises and structures independently running initiatives and examines them in their interrelationships, seeking synergistic effects at both company and group level. As a result of their core activities, the operation of the companies involved in the working group are significantly different from each other, thus their goals relating to knowledge management and their task plans associated with knowledge management also show significant differences.

Recognitions

The MVM Group established group-level awards, with which it recognises the activities of specialists performing lasting, exemplary work in the areas of energy sciences and education. MVM Zrt. established the MVM Energy National Award for the recognition of specialists achieving exemplary results in the field of the electricity industry and, more generally, power engineering, who perform innovative engineering and research work, which it awarded in two categories in 2014: of the authorities active in Hungary, this award went to Dr István Farkas, while the award aimed at those working across the border went to Imre Pázsit. In addition, MVM Zrt. also established a scholarship to support talented students studying in the field of energy. In 2014, the MVM Energy Scholarship was awarded to 10 young people who carry a high professional potential for the future as shown by their academic results, professional and scientific activities, and work in the area of corporate social responsibility.

The Management of the Group believes that key factors of the successful activities, the domestic and international recognition, and reputation are its staff's knowledge, experience and talent, outstanding performance and commitment to the Group, and the enforcement of the values the Group believes in. Therefore, out of the staff working at the various companies of the Group, 10 people were awarded the 'MVM Group Talent Award' also in 2014, which may be given to young and/or school-leaver employees, who have contributed to the successful operation of the Group with outstanding professional work and performance and who are custodians of the future on the basis of their knowledge, attitude, performance and ambitions.

Eight employees who contributed to the success of the Group with their outstanding professional work, coping with project tasks of strategic importance, excellent performance, and work that supports the community of the Group to the fullest possible extent, were given the 'Person of the Year Award of the MVM Group'. The 'Life Work Award of the MVM Group' was given to three specialists engaged in outstanding scientific/public activities, actively participating in popular energy science education and training young scientists, who play key roles in the life of the international and domestic energy professional communities and who contributed to the positive image of the MVM Group among the public through their activities performed to a high standard at the MVM Group and its legal predecessors for at least 25 years.

Companies belonging to the Group

Subsidiaries included in full consolidation:
MAVIR ZRt. – transmission network operation and system operation
MVM Paksi Atomerőmű Zrt. – electricity generation from nuclear fuel
Vértesi Erőmű Zrt. – electricity generation and trading activities
MVM Partner ZRt. – electricity and natural gas trading activities
MVM Partner Serbia d.o.o. Beograd – electricity trading activity in Serbia
MVM Partner d.o.o. – electricity trading activity in Croatia
MVM Partner Bucharest S.r.l. – will function as a holding company
MVM Partner DOOEL Skopje – electricity trading activity in Macedonia
MVM OVIT Zrt. – manufacture of network facilities, power plant systems and steel structures
MVM ERBE Zrt. – design of power engineering facilities and project management
MVM VILLKESZ Kft. – facility operation
MVM KONTÓ ZRt. – accounting, financial and HR services
MVM GTER Zrt. – operation of quick-start back-up gas turbine power plants
MVM MIFŰ Kft. – provision of district heating supply to the city of Miskolc and electricity generation
MVM Észak-Budai Fűtőerőmű Kft. – operation of a gas turbine cogeneration heating power plant
ATOMIX Kft. – a subsidiary of MVM Paksi Atomerőmű Zrt.
HUPX Zrt. – operation of a power exchange
CEEGEX Zrt. – establishment and operation of the Hungarian gas exchange
HUPX Derivatív Zrt. – operation of the MTF market
MVMI Zrt. – information technology services
ENERGO-MERKUR Kft. – trade in electrical fittings and cables
MVM HOTEL PANORÁMA Kft. – provision of organised holidays
MVM Hotel Vértes Kft. – provision of organised holidays
NIKER d.o.o. – provision of organised holidays in Croatia
Római Irodaház Kft. – operation of the office building in Szentendrei út, Budapest
MVM Hungarowind Kft. – electricity generation from wind energy
MVM NET Zrt. – telecommunications services
POWERFORUM Zrt. – operation of an electricity trading information platform
KOM Központi Okos Mérés Zrt. – preparation of the introduction of smart metering and smart grids
Magyar Földgázkereskedő Zrt. – gas trading activity
MFGK Austria GmbH – gas trading activity in Austria
Magyar Földgáztároló Zrt. – operation of four underground storage facilities
MVM Oroszlányi Erőműfejlesztő Zrt. – implementation of a project for providing heat supply to Oroszlány, Bokod
MVM BSZK Zrt. – security service activities

Companies treated as associated companies in consolidation

SUBSIDIARIES

- Kárpát Energo Zrt. (in liquidation): a power plant project; on the basis of the resolution of the Shareholders' Meeting of MVM Zrt. adopted on 14 January 2011, the financing of the project was terminated;
- Mátrai Villamos Művek Termelő Zrt.: establishment and operation of a new coal-fired 500 MW electricity generation unit at Visonta, on a site leased from the operating site of Mátrai Erőmű Zrt. The Shareholders' Meeting of MVM Zrt. held on 14 January 2011 decided to terminate the project; pending voluntary liquidation since 01 September 2014;
- MVM Investment Ukraine Kft.: wholesale of machinery and large equipment;
- MVM-ADWEST Marketing GmbH: electricity trade in Austria;

JOINT MANAGEMENT COMPANIES

- 'EKS Service' Kft: corrosion protection of power transmission lines

ASSOCIATED COMPANIES

- Dunamenti Erőmű Zrt.: electricity generation
- Mátrai Erőmű Zrt.: electricity generation and coal mining
- Zsigmondy Vilmos Harkány Harkányi Gyógyfürdőkórház Nonprofit Kft: provision of organised holidays
- Dél-Dunántúli Humánerőforrás Nonprofit Kft.: research and education
- Déli Áramlat Magyarország Zrt.: the project company of the Hungarian section of the South Stream. On 1 December 2014, Russian President Vladimir Putin announced at a press conference in Turkey that he closed the South Stream Project. After this, Gazprom announced in a communication that the new pipeline, which will bypass Ukraine, will run to Turkey from the compressor station located on the shore of the Black Sea, which was originally planned for the South Stream.
- Agri LNG: The purpose of the project is to ensure that natural gas from Azerbaijan reaches the Central and South-eastern European states. Under the project, the Sangachal terminal in Azerbaijan would be connected to the port of Kulevi, Georgia on the Black Sea by a pipeline, where the construction of a gas liquefaction terminal is planned. The countries concerned in the AGRI natural gas pipeline project are Azerbaijan, Georgia, Hungary and Romania.