

Statistical code: 10625790-2320-114-01
Company registration number: 01-10-041683

MOL Magyar Olaj- és Gázipari Nyrt.

1117 Budapest, Október huszonharmadika u. 18.

2007

Annual Report

(with dividend)

Zsolt Hernádi
Chief Executive Officer

József Molnár
Chief Financial Officer

Budapest, 20 March 2008

MOL Magyar Olaj- és Gázipari Nyrt.
Balance Sheet for the year ending on 31 December 2007

Statistical code: 10625790-2320-114-01

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HUF million

<i>Code</i>	<i>Description</i>	<i>Previous year</i>	<i>Adjustments for previous years</i>	<i>Current year</i>
A.	NON-CURRENT ASSETS	1,021,966	137	1,165,007
I.	INTANGIBLE ASSETS	15,099	14	61,838
1.	Capitalised cost of foundation and restructuring	0	0	0
2.	Capitalised research and development cost	293	0	744
3.	Property rights	1,167	0	1,962
4.	Intellectual property	11,537	14	11,666
5.	Goodwill	2,102	0	47,466
6.	Advances on intellectual property	0	0	0
7.	Revaluation of intangible assets	0	0	0
II.	PROPERTY, PLANT AND EQUIPMENT	350,756	123	336,196
1.	Land and building and related property rights	199,601	284	198,449
2.	Plant, machinery and vehicles	102,517	160	95,696
3.	Other equipment, fixtures and vehicles	8,724	3	8,871
4.	Livestock	0	0	0
5.	Assets under construction	39,828	(324)	33,095
6.	Advances on assets under construction	86	0	85
7.	Revaluation of property, plant and equipment	0	0	0
III.	NON-CURRENT FINANCIAL INVESTMENTS	656,111	0	766,973
1.	Long-term investments	572,100	0	744,791
2.	Long-term loans to related parties	83,844	0	21,643
3.	Other long-term investments	1	0	432
4.	Long-term loans to other investments	0	0	0
5.	Other long-term loans	166	0	107
6.	Long-term debt securities	0	0	0
7.	Revaluation of financial investments	0	0	0
8.	Fair valuation difference of financial investments	0	0	0

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<i>Code</i>	<i>Description</i>	<i>Previous year</i>	<i>Adjustments for previous years</i>	<i>Current year</i>
B.	CURRENT ASSETS	1,089,456	926	1,433,207
I.	INVENTORIES	110,366	(8)	163,343
1.	Raw materials and consumables	32,734	(85)	54,762
2.	Unfinished production and semi-finished products	36,581	0	47,551
3.	Grown, fattened and other livestock	0	0	0
4.	Finished products	30,914	0	45,355
5.	Merchandises	10,014	77	15,675
6.	Advances on stocks	123	0	0
II.	RECEIVABLES	398,189	934	988,693
1.	Receivables from the supply of goods and services (customers)	75,831	517	79,588
2.	Receivables from related parties	195,070	428	309,253
3.	Receivables from other investments	1,906	0	3,272
4.	Receivables from bills of exchange	0	0	0
5.	Other receivables	103,540	(11)	539,434
6.	Fair valuation difference of receivables	0	0	0
7.	Positive valuation difference of derivative transactions	21,842	0	57,146
III.	SECURITIES	240,201	0	241,852
1.	Investments in related parties	256	0	209
2.	Other investments	360	0	360
3.	Treasury shares	237,665	0	239,263
4.	Debt securities for trading purposes	1,920	0	2,020
5.	Fair valuation difference of securities	0	0	0
IV.	CASH AND CASH EQUIVALENTS	340,700	0	39,319
1.	Cash and cheques	2,040	0	1,218
2.	Bank accounts	338,660	0	38,101
C.	PREPAYMENTS	24,932	(11)	101,854
1.	Accrued income	2,804	(11)	29,486
2.	Prepaid cost and expenses	22,128	0	72,368
3.	Deferred expenses	0	0	0
TOTAL ASSETS		2,136,354	1,052	2,700,068

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D.	SHAREHOLDERS' EQUITY	1,468,070	863	1,602,544
I.	SHARE CAPITAL	109,330	0	109,675
	Of which: treasury shares at nominal value	10,899	0	9,070
II.	REGISTERED BUT UNPAID CAPITAL (-)	0	0	0
III.	SHARE PREMIUM	220,759	0	222,354
IV.	RETAINED EARNINGS	622,754	0	878,448
V.	TIED-UP RESERVE	269,860	0	260,396
VI.	VALUATION RESERVE	0	0	0
1.	Revaluation adjustment reserve	0	0	0
2.	Fair valuation reserve	0	0	0
VII.	NET INCOME FOR THE PERIOD	245,367	863	131,671
E.	PROVISIONS	104,014	0	112,434
1.	Provisions for expected liabilities	104,014	0	112,434
2.	Provisions for future expenses	0	0	0
3.	Other provisions	0	0	0
F.	LIABILITIES	516,981	191	940,968
I.	SUBORDINATED LIABILITIES	0	0	0
1.	Subordinated liabilities to related parties	0	0	0
2.	Subordinated liabilities to other investment	0	0	0
3.	Subordinated liabilities to third parties	0	0	0
II.	LONG-TERM LIABILITIES	195,409	0	502,129
1.	Long-term loans	0	0	0
2.	Convertible bonds	5,800	0	0
3.	Liability from bond issue	189,225	0	190,012
4.	Liabilities from capital investment and development loans	0	0	0
5.	Liabilities from other long-term loans	0	0	312,089
6.	Long-term liabilities to related parties	369	0	0
7.	Long-term liabilities to other investments	0	0	0
8.	Other long-term liabilities	15	0	28

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III.	SHORT-TERM LIABILITIES	321,572	191	438,839
1.	Short-term borrowings	0	0	3,860
	Of which: convertible bonds	0	0	3,860
2.	Short-term loans	0	0	34,172
3.	Advances from customers	1,173	0	1,111
4.	Liabilities from the supply of goods and services (suppliers)	103,039	739	125,894
5.	Bills of exchange	0	0	0
6.	Short-term liabilities to related parties	64,178	49	99,831
7.	Short-term liabilities to other investments	54	25	55
8.	Other short-term liabilities	147,239	(622)	168,612
9.	Fair valuation difference of liabilities	0	0	0
10.	Negative valuation difference of derivative transactions	5,889	0	5,304
G.	ACCRUALS	47,289	(2)	44,122
1.	Deferred revenues	5	0	12
2.	Accrued cost and expenses	44,546	(2)	34,928
3.	Other deferred income	2,738	0	9,182
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,136,354	1,052	2,700,068

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MOL Magyar Olaj- és Gázipari Nyrt.
Income Statement for the year ending on 31 December 2007

Statistical code: 10625790-2320-114-01

Company registration number: 01-10-041683

HUF million

<i>Code</i>	<i>Description</i>	<i>Previous year</i>	<i>Adjustments for previous years</i>	<i>Current year</i>
01.	Net domestic sales revenue	1,472,052	556	1,465,896
02.	Net export sales revenue	401,584	360	375,605
I.	NET SALES REVENUES	1,873,636	916	1,841,501
03.	Changes in own produced inventory	(2,335)	0	25,411
04.	Work performed by the enterprise and capitalised	7,878	0	7,703
II.	CAPITALISED OWN PERFORMANCE	5,543	0	33,114
III.	OTHER OPERATING INCOME	16,484	3	17,745
	Of which: reversed impairment	249	0	15
05.	Raw material costs	758,983	33	821,558
06.	Value of services used	99,616	605	91,407
07.	Other services	237,122	(547)	211,039
08.	Cost of goods sold	210,351	39	192,069
09.	Value of services sold (intermediated)	5,598	2	9,174
IV.	MATERIAL EXPENSES	1,311,670	132	1,325,247
10.	Wages and salaries	33,019	0	34,187
11.	Other personnel expenses	6,635	35	6,607
12.	Tax and contribution	11,872	(36)	12,213
V.	PERSONNEL EXPENSES	51,526	(1)	53,007
VI.	DEPRECIATION	57,936	(19)	55,604
VII.	OTHER OPERATING EXPENSES	340,888	(82)	349,607
	Of which: impairment	14,314	(10)	20,336
A.	PROFIT OR LOSS FROM OPERATING ACTIVITIES	133,643	889	108,895

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13.	Received (due) dividend	82,250	0	67,967
	Of which: received from related parties	82,233	0	67,906
14.	Gain from the sale of investments	62,065	0	44,269
	Of which: received from related parties	0	0	0
15.	Interest and exchange rate gains on financial investments	4,991	0	4,947
	Of which: received from related parties	4,980	0	4,934
16.	Other received (due) interest and interest-type revenues	22,986	0	23,226
	Of which: received from related parties	12,020	0	12,057
17.	Other revenues of financial transactions	99,664	11	78,733
	Of which: fair valuation difference	21,842	0	36,893
VIII.	TOTAL FINANCIAL INCOME	271,956	11	219,142
18.	Exchange rate loss on financial investments	43,988	0	0
	Of which: to related parties	0	0	0
19.	Interest and interest-type expenses	12,134	0	15,658
	Of which: to related parties	1,201	0	2,375
20.	Impairment on investments, securities, bank deposits	3,007	0	20,075
21.	Other financial expenses	69,096	15	37,539
	Of which: fair valuation difference	5,889	0	3,411
IX.	TOTAL FINANCIAL EXPENSES	128,225	15	73,272
B.	FINANCIAL PROFIT OR LOSS	143,731	(4)	145,870
C.	ORDINARY BUSINESS PROFIT	277,374	885	254,765
X.	Extraordinary revenues	40,920	7	1,734
XI.	Extraordinary expenses	21,961	0	689
D.	EXTRAORDINARY PROFIT OR LOSS	18,959	7	1,045
E.	PROFIT BEFORE TAXATION	296,333	892	255,810
XII.	Income tax	966	29	39,139
F.	PROFIT AFTER TAXATION	295,367	863	216,671
22.	Use of retained earnings for dividend	0	0	0
23.	Approved dividend and profit share	50,000	0	85,000
G.	NET INCOME FOR THE PERIOD	245,367	863	131,671

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MOL Magyar Olaj- és Gázipari Nyrt.

1117 Budapest, Október huszonharmadika u. 18.

2007

Supplementary Notes
(with dividend)

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Chief Financial Officer

Budapest, 20 March 2008

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MOL Magyar Olaj- és Gázipari Nyrt.

Supplementary Notes for the year ending on 31 December 2007

1. General Information

MOL Hungarian Oil and Gas Public Limited Company (hereinafter referred to as the Company, MOL or MOL Nyrt.) was incorporated on 1 October 1991 as a result of the merger of nine oil and gas companies of Országos Kőolaj- és Gázipari Tröszt (National Oil and Gas Trust, Hungarian abbreviation OKGT) owned by the Hungarian state.

Due to the multi-stage privatisation the state owned part in the Company decreased considerably. On 31 December 2007 the Hungarian State had 1 "A" series share plus 1 "B" series share with a preferential vote through Hungarian Privatisation and State Holding Company (Hungarian abbreviation ÁPV Zrt.).

The registered office address of the Company is Október huszonharmadika u. 18., Budapest, Hungary; its internet homepage is www.mol.hu

The Company does not operate any foreign business unit.

The shares of MOL Nyrt. are primarily traded on the Budapest Stock Exchange. Outside of Hungary, MOL shares and global depository receipts are also listed on the Luxembourg Stock Exchange and on the Warsaw Stock Exchange in Poland. In addition, MOL ADR-s (American Depositary Receipt) are also quoted on the International Order Book, the international trading system operated in London and on the PORTAL system in the United States.

The core activities of MOL Nyrt. include exploration and production of crude oil, natural gas and gas products, refining, transportation and storage of crude oil, transportation, storage distribution, retail and wholesale of crude oil products. MOL Nyrt. is the market leader in Hungary in all its core activities.

In 2007, domestic net crude oil production was 799.4 kilotons, and net natural gas production was 2,488 million m³. The refining activities also include the exclusive title to the approximately 848 km long crude oil and 1,356 km long product pipeline. The exploration and production segment include natural gas and crude oil collection pipelines, connecting the crude oil and natural gas fields with delivery points and the pipeline transportation systems.

MOL Nyrt. operates three refineries in Hungary. The biggest one – Duna Refinery – is processing crude oil and its annual nominal crude oil processing capacity was nearly 8.4 million tons in 2007, the actual distillation raw material refining in 2007 was 7.3 million tons. On 1 July 2001 in Tisza Refinery crude oil refining process ceased because of closing down the distilling plant with capacity of 3 million tons. The core activities of the refinery are diesel oil desulphurisation and mixing gasoline. The Duna and Tisza Refineries are connected directly to the crude oil and product pipelines of the Company. MOL Nyrt. also operates a bitumen manufacturing plant in Zalaegerszeg.

The retail activities of refined products are based on filling stations operated under MOL brand name. Apart from motor fuel retail, the filling stations also sell non-fuel goods (food, car care articles, top-up mobile phone cards, motorway stickers, medicines, etc.) and provide other services (automated and manual car wash, etc.). On 31 December 2007, the Company had 357 fuel stations in Hungary, of which 319 were operated by partners (owned by MOL but operated by contractors selected in tenders), and 38 were operated in franchise system (operated with a MOL logo and product range, but not owned by MOL).

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Supplementary Notes for the year ending on 31 December 2007

Concerning MOL Nyrt., the following considerable acquisitions occurred, were completed and the following agreements were signed in 2007:

- On 3 January 2007 MOL Nyrt. acquired 62% ownership in the MSZKSZ Biztonsági Földgáztároló Zrt. (named as MMBF Földgáztároló Zrt. from 4 October 2007), which was established by the Hungarian Hydrocarbon Stockpiling Association (MSZKSZ) to develop a strategic gas storage facility with 1.2 billion and commercial storage facility with 0.7 billion m³ capacity. The planned gas storage facility will be developed from a producing gas field (Szőreg-1 field). The necessary capital expenditure is HUF 150 bn, which includes the HUF 65 billion purchase price of the field which is sold by MOL to MSZKSZ Zrt. The development is expected to be completed by 2010. The Szőreg-1 field has 2.4 billion m³ cushion gas. In 2006 the production of the field exceeded 450 million m³ gas and 32 thousand tonnes crude oil. The cash flow not earned from the production will be fully compensated by the purchase price.
- On 27 and 28 February 2007 MOL Nyrt. purchased TVK shares representing 42.25% of TVK's share capital. Following the transaction the influence of MOL in TVK increased to 86.79%, while the influence of Slovnaft remained unchanged at 8.06%. The direct and indirect influence of MOL in TVK thus increased to 94.85%.
- The Court of Registry registered the MOL Energy Trading Ltd, a 100% owned subsidiary of MOL Nyrt. The registration is based on the gas trading license issued by the Hungarian Energy Office (MEH) for MOL Energy Trading Ltd as of 21 April 2007. MOL Energy Trading Ltd aims to commence gas trading activity on the liberalised natural gas market. MOL Energy Trading Ltd predominantly undertakes the sales of natural gas quantities produced by MOL Nyrt. and natural gas purchase of the MOL Group. In addition, it aims to benefit from the business opportunities emerging from the widening liberalised gas market in the region.
- On 15 November 2007 the acquisition of 100% of Italiana Energia e Servizi S.p.A. (IES) was completed. IES is an Italian refining and marketing company, which owns and operates the 2.6 mtpa Mantova refinery, the related wide scale logistic assets and a network of 176 retail stations as of 31 December 2007. The refinery is a reliable and well run facility with its production focused on the highly demanded middle distillates. Major advantages of the facility are its inland market location - in the middle of a well developed industrialized region - and its wide scale logistic support for supply and marketing as well. MOL intends to leverage its refining knowledge and expertise in order to deliver further efficiency gains at the company and to execute further developments at the refinery. The company is fully consolidated from 15 November 2007 in the financial statements of MOL Group.
- On 31 October 2007 the purchase of 100% of Tifon a fuel retail and wholesale company in Croatia was closed. Tifon currently owns and operates 35 well positioned fuel stations in Croatia. In addition, the company has more than 20 premium site development projects under implementation. The company will be fully consolidated from the fourth quarter in the financial statements of MOL Group.
- MOL Nyrt. announced on 20 December 2007 that he signed agreement with CEZ to set up a joint venture. Combined capacity to be installed by 2013 is 1760 MW as a result of an investment of Euro 1.4 billion. The JV will focus on gas-fired power generation in Slovakia and Hungary first, with further possibilities to be considered in the near future, especially in Croatia and Slovenia. CEZ and MOL will create a joint venture in which each party will have 50% equity interest, equal voting rights and similar split of operational decision making. The first major investment is the planned construction of combined cycle gas turbine power plants (CCGTs) at the refineries of MOL Group in Bratislava (Slovakia) and Százhalombatta (Hungary). In both locations the installed capacity will be 800 MW. In addition, in Bratislava, the current thermal plant will be modernized and its capacity increased to 160 MW. The expected investment in both projects will be approximately 1.4 billion EUR. As a part of the JV agreement MOL will contribute its current heat plants and all related infrastructure at both sites. The

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financing plan for the venture is still subject to discussion but is intended to utilize project financing to the maximum extent possible. The share purchase agreement as part of MOL-CEZ strategic alliance announced on 20 December 2007 was financially closed and settled on 23 January 2008. MOL sold 7,677,285 pieces of „A” series MOL shares to CEZ at HUF 30,000 per share. MOL has an American call option for the shares with a strike price of HUF 20,000 per share which can be exercised within 3 years. MOL pays an upfront fee (being the difference between the purchase price and the strike price) and annual option fee of HUF 1,600 per share to CEZ.

- In March 2007 MOL and INA consortium became 67% owner of Energopetrol through capital increase based on the contract with the government of Bosnia & Herzegovina. The Consortium subscribed Energopetrol's newly issued shares in an aggregate amount of KM 60 million (EUR 30.7 million). The capital increase mainly used as a resource to repay Energopetrol's debts. MOL-INA Consortium holds 67%, the Federation government keeps 22% while small shareholders hold the rest of the shares. MOL-INA Consortium transferred KM 10 million (EUR 5.1 million) to the Government of BiH as a consideration of acquiring control over the Company. INA-MOL will provide resources of KM 150 million (EUR 76.7 million) to Energopetrol in order to finance its investment program in the next three years. The closing of the transaction was subject to several conditions, including the approval of the Competition Office of Bosnia & Herzegovina. Energopetrol owns and operates 64 filling stations in Bosnia&Hercegovina. MOL and INA are already present in the country's growing wholesale and retail market. The joint operation will result in clear retail leadership in Bosnia & Herzegovina and provides significant synergies in longer term.

2007 exploration projects

- MOL and INA are expanding their present cooperation. On 1 September 2007 the two strategic partners signed a new agreement for launching the second joint cross-border hydrocarbon exploration program in the region of Novi Gradac (Croatia) and Potony (Hungary), following the successful drilling of Zaláta well. The exploration area covers nearly 189 km² along the borders of the two countries; it is why the two companies decided to jointly implement the project. Exploration operations began in 2007 with the so-called 3D seismic measurements in the 189 km² area. Based on the results, operations will continue with the drilling of the first exploration well (wild cat) most probably in the second half of 2008. The planned bottom hole of this well is 4500 m, and the costs would be around 8.2 million euro. The plan also contains the drilling of an optional well in 2009. In accordance with the strategic partnership MOL and INA will finance the joint exploration program in equal ratio (50-50%) (irrespective of the fact whether the specific operations are implemented on the Hungarian side of the border or the Croatian). INA will be the operator on the Croatian and MOL will be the operator on the Hungarian side of the border. The parties will unanimously approve every decision related to the management and control of exploration program, and the revenues will also be shared equally. In case of a commercial hydrocarbon discovery the parties will jointly investigate the optimal opportunity for the field development and production in order to accelerate the implementation of the program.
- On 8 October 2007 MOL and Qatar Petroleum International (QPI) signed a Memorandum of Understanding for the purpose of developing alliance to pursue certain business opportunities. Specific fields of cooperation may be identified as new and/or existing natural gas and crude oil exploration, field development and production, including Enhanced Oil Recovery (EOR) and Improved Oil Recovery (IOR), petrochemical projects, research, and development of environmentally friendly energy solutions.
- On 5th November 2007 MOL Nyrt. signed a Sales and Purchase Agreement with Tullow Oil Plc to acquire Tullow's 40% non-operated interest in the Ngosso Permit, offshore Cameroon. The Ngosso Permit is a shallow-water block in the prolific Rio del Rey Basin, in the proximity of existing oil-fields in

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Nigeria and Cameroon. The block is operated by Addax Petroleum, a reputable player in West Africa, with significant operational experience in similar environments in Nigeria and Gabon, and outstanding exploration results in the past years. The transaction is subject to Addax Petroleum's pre-emption right and the approval of the Government of the Republic of Cameroon.

Other events

- On 9 July 2007 Hungarian Energy Office (MEH) issued the gas trading licence for MOL Nyrt.

Signatories of the financial statements of the Company:

Zsolt Hernádi, CEO, Chairman of the Board of Directors
Address: 1025 Budapest, Zöldkő u. 14/a.

József Molnár, CFO
Address: 3700 Kazincbarcika, Akácfa u. 39.
(Finance Ministry registration number in the registry of entitled persons for accounting service providers: 128042)

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2. Ownership structure

Number and nominal value of shares issued by MOL Nyrt., categorised by share type:

Owner	Number of shares (pcs.)						Total nominal value (HUF mn)		Share of ownership (%)	
	"A" series shares		"B" series shares		"C" series shares		2006	2007	2006	2007
	2006	2007	2006	2007	2006	2007				
ÁPV Zrt.*	1	1	1	1	0	0	0	0	0.00	0.00
Foreign institutional and private investors	90,048,335	72,125,952	0	0	0	0	90,048	72,126	82.36	65.76
Of which:										
OMV AG	10,936,000	22,179,488	0	0	0	0	10,936	22,179	10.00	20.22
BNP Paribas	9,003,359	9,105,102	0	0	0	0	9,003	9,105	8.24	8.30
Magnolia Finance Ltd	6,007,479	6,007,479	0	0	0	0	6,007	6,007	5.49	5.48
The Bank of New York**	8,483,908	n/a	0	0	0	0	8,484	n/a	7.76	n/a
Domestic institutional and private investors	8,382,936	28,478,951	0	0	0	0	8,383	28,479	7.67	25.97
Of which:										
MFB Invest Zrt.	0	10,933,000	0	0	0	0	0	10,933	0.00	9.97
OTP Bank Nyrt.	n/a	10,072,890	0	0	0	0	n/a	10,073	n/a	9.18
MOL Nyrt. treasury shares	10,898,525	9,070,019	0	0	578	578	10,899	9,070	9.97	8.27
Total	109,329,797	109,674,923	1	1	578	578	109,330	109,675	100.00	100.00

n/a means no information available

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(There are no information available about shares owned by The Bank of New York in 2007 and by OTP Bank Nyrt. in 2006 because their ownership did not reach the 5%.)

*ÁPV Zrt. has one series "A" share and one share for preferential voting (this is one series "B" share), to which certain additional rights are connected. (ÁPV Zrt.'s registered office: 1133 Budapest, Pozsonyi út 56.)

**ADRs (American Depositary Receipt) were handled by The Bank of New York in 2007 however proportion of this type of shares decreased below 5% to the end of the year.

Seat of accentuated investors with ownership above 5%:

OMV AG (5 Otto Wagner-Platz, Wien, Austria, 1090)

BNP PARIBAS SA (16 Boulevard des Italiens, Paris, France, 75009)

Magnolia Finance Ltd (22 Grenville Street, St Heiler, Jersey, Channel Islands, JE4 8PX)

MFB Invest Zrt. (1138 Budapest, Népfürdő utca 22. Duna Tower B/12 em)

OTP Bank Nyrt. (1051 Budapest, Nádor utca 21.)

The nominal value of series "A" and "B" shares is HUF 1,000, and of series "C" shares HUF 1,001. Due to the higher nominal value, series "C" shares entitle their holders to 1,001 (one point one thousandth) of votes, in contrast with the right to have one vote for series "A" shares.

BNP Paribas SA ("BNP") and MOL signed agreements on 13 December 2007 regarding Series "A" Ordinary Shares of MOL held by BNP. According to these agreements, the option rights on certain MOL shares held by BNP are extended until 18 June 2009. Following completion of the transaction, MOL received an American call option on 8,957,091 "A" series MOL shares from BNP, in addition BNP received an European put option on the same number of MOL shares from MOL. The exercise price for 7,552,874 shares (Tranche A) is USD 34.78583 per share, while the exercise price for 1,404,217 shares (Tranche B) is USD 109.83794 per share. The exercise prices were based on the original agreements signed on 23 December 2005 (Tranche A) and on 10 April 2006 (Tranche B).

Increase of the Company's share capital in 2007

On 10 September 2007 the Court of Registration registered the capital increase of MOL, which was decided by the Board of Directors at its meeting held on 5 September 2007. The share capital of the company increased from HUF 109,330,376,578 to HUF 109,675,502,578.

The capital increase was made as part of the convertible bond programme approved by the EGM held on 1 September 2003. The approved incentive scheme links a significant part of the compensation of the members of the Board of Directors and senior managers to the development of the price of MOL shares on the stock exchange. Within the framework of the programme, MOL issued a total of 1,200 convertible bonds with a par value of HUF 10 million each. Bond holders submitted 194 series "D" bonds for conversion, therefore 345,126 pieces "A" series, ordinary, dematerialized shares, each with a nominal value of HUF 1,000, with identical right, will be allocated to them.

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3. Important elements of MOL Nyrt.'s Accounting policy

3.1. Method of bookkeeping, report format

Based on *Act C of 2000 on accounting* (hereinafter: Accounting Act) as amended, MOL Nyrt. uses double entry bookkeeping and prepares an annual report with a balance sheet date of 31 December. As required by the Accounting Act the annual report consists of the balance sheet, income statement and supplementary notes including cash flow. At the time of the annual report, the Company also prepares a business report.

Based on the option Accounting Act gave, from year 2005 the Company prepares its consolidated annual report pursuant to the International Accounting Standards admitted by EU.

From 1 July 2002 MOL Nyrt. has been using the SAP R/3, an integrated information system for large companies with a modular structure.

Based on the 155. § (2) of the Accounting Act, the audit of Financial Statements is compulsory for the Company, interim and year-end financial statements are audited.

MOL Nyrt. publishes on internet home page the annual report and business report of the parent company, consolidated annual report and business report in common with audit report including audit clause and make them available until publishing financial data for the second business year following the relevant reporting period.

The Accounting Services of the Company are provided by Top Finance Kft. from 1 January 2007.

3.2. Method and time schedule for report preparation

The preparation of the report is built on the annual closing process. Business events of the current period are completed, checked and summarised in the framework of annual closing, and the accounting of any corrective adjustment necessary pursuant to the consequences of business events incurred between the balance sheet date and the balance sheet preparation date and to the changes in the market conditions.

In line with the scheduling of processes for closing the year of 2007, the date for preparing the balance sheet of the Company was specified for *16 January 2008*.

3.3. The form of Balance Sheet and the Income Statement

Form of balance sheet

In line with Article 20 section (1) of the Accounting Act, MOL Nyrt. compiles a balance sheet linked to the annual report, according to version "A" required by Annex No. 1 to the Accounting Act.

Form of the income statement

MOL Nyrt. compiles its income statement based on the total cost method, according to version "A" included in Annex No. 2 to the Accounting Act.

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3.4. Valuation methods and procedures used in the preparation of annual report

3.4.1. Changes in the Accounting policy

The Accounting Act effective for the year 2007 does not contain significant changes for the Company, the change of the conceptual definitions (majority influence, qualified majority influence) and the modifications used for the specification were adopted in the regulation.

MOL Nyrt. took advantage of Accounting Act amendments became effective from 1 January 2008, and applied the following changes during the preparation of the 2007 financial statements.

- The Act modified rules relating to elimination of the amount shown as deferred income, which were applied at the accounting of the emission quotes of greenhouse gases at the Company. Elimination of deferred income arisen from emission quotes of greenhouse gases received free of charge recorded as other operating income and presented in the line of operating profit in the income statement, in similar profit category as the relevant offsetted cost. Pursuant to the previous regulations this kind of revenue were recorded as extraordinary revenue therefore expenses and related revenue were charged into the different profit category. Concerning Companies' security lending transactions the Accounting policy was amended with rules relating to the accounting of the treasury shares lending.

During 2007, the Company has changed the product costing method concerning both mining and refining products into the monthly actual cost calculation. Beyond that, for the mining products applies calculation by fields instead of the previous division-level stock valuation. (Effect of the valuation method's modification had on the balance sheet and income statement is presented under the point 17.2.)

MOL Nyrt. adapted SAP R/3 to perform automatic product cost calculation for refinery products as well as to make revaluation of unfinished production and semi-finished products after the calculation.

The development and expansion of the accounting regulation

- The Company worked out a new method concerning revaluation of goodwill at the end of the year related to investments into subsidiaries or joint ventures, loans given to them and acquisitions. If the Company's equity share in the investment is lower than the business value of investment corrected with the book value of the given loans, the realizable value of investment will be determined.

Impairment will be recognized if:

- the realizable value is lower than the book value of investment corrected with goodwill and increased by the loan given to the related party, and
- if future business expectations or strategic factors concerning the investment do not support the return of investment.

If impairment is accounted, the order is as follows:

- first the positive goodwill, after that the
- the investment, and if the impairment is above these aggregate amounts,
- the amount of the given loan will be impaired

- The Company specifies regulations concerning the valuation of treasury shares. According to that, impairment will be recognized for treasury shares at the end of the year, if the average stock exchange share price during 90 stock exchange days prior to the balance sheet preparation date is lower than the book value.

The Company does not recognize impairment for treasury shares if the stock exchange price is higher than the average book value at the time of balance sheet preparation. Rules for reversal have been worked out in line with impairment principles.

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- The regulation was supplemented with the registration and accounting rules of those reinforced concrete big modular road surface plates which were used for making temporary roads and staging areas (see point 3.4.3.).
- In case of buying shares, traded on the Stock Exchange the market price, which is applied to determine the acquisition price for goodwill and negative goodwill, was specified. The market price is determined based on the weighted average price of the 90 stock exchange days prior to the transaction day.
- New rules of provision for expected liabilities were implemented regarding compensations payable due to CH wholesale customer complains.

With the aim to harmonize the regulation with MOL Group Reporting Manual (developed based on IFRS principles) the following modifications will be introduced:

- The group of assets involved in the planned depreciations' annual supervision of the intangible assets and tangible assets are changed. The supervision extends to all assets which achieve the determined value limit defined by the regulation, while previously it was only related to the assets which were significant from the companies' activities' point of view. (The effect of this change on the Company's balance sheet and income statement can be seen in Note 9.)
- During impairment recognition - which is based on the valuation defined by the value-creating ability of the tangible assets - the significant value limit was specified.

3.4.2. Valuation methods applied

According to the Accounting Act, MOL Nyrt. evaluates assets and liabilities individually.

For *tangible assets*, individual valuation is based on individual and group records. Assets that may be deemed to be identical in terms of type, purpose of use, date of putting into operation, purchase cost or production cost, cost centre and responsible owner consist of a group.

The detailed rules for the method of depreciation and impairment, the reversal of impairment and the depreciation rates applicable to each tangible asset are set out in the depreciation policy.

The Company values *the inventories* individually. The valuation of assets booked in groups having the same parameters at average purchase price is also deemed to be individual valuation.

According to the Accounting Act the Company determines the purchase cost of materials, goods purchased, packaging materials owned by the Company and natural gas at weighted average purchase price; at average purchase price for shop stocks of retail services; and at individual purchase prices for packaging materials with a packaging fee. Own produced inventories are valued at average production cost. The mining royalty – accounted for – payable for the quantity of produced natural gas and crude is included in the production cost of these inventories. The Company calculates the actual product cost monthly for own produced inventories.

In case of the own produced inventories, the Company applies the preliminary determined price method, in a way that based on the monthly actual calculations, monthly corrects the preliminary determined price. Accordingly the average product cost is equal with the preliminary determined price at the monthly closing.

During the monthly prepared actual product cost calculation the stock value difference is divided for inventory transactions of the relevant month at the monthly closing.

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The Company reduces the purchase or production costs of own produced inventories if:

- ◆ do not comply with the requirements applicable to inventories (standards, terms of shipping, professional requirements, etc.) or are damaged. Inventories in the group are continuously written-off to the value of waste or recoverable materials throughout the year. Write-off is always accounted for regardless of the amount of the difference. This type of impairment means a final reduction in inventory value that cannot be reversed later even if such inventories are sold at a price higher than book value.
- ◆ the purchase and production cost of inventories is considerably higher than the market price known at the time of preparing the balance sheet (including those that have become unnecessary or are not fit for their purpose). In that case, impairment is accounted for up to the market value known at the time of preparing the balance sheet or the expected sales price. The expected sales price must be reduced by the costs expected to be incurred in order for sale.

The difference between the carrying amount and the value determined as recoverable value is deemed to be significant if impairment related to finished products, merchandise, and inventories managed by the MOL Inventory Management department by individual inventory (or by homogeneous inventory group) reaches at least HUF 100 million. Furthermore, in case of the aggregated difference between the carrying amount and the value determined as recoverable value reaches HUF 300 million for individual inventories' (pieces, homogenous inventory groups), value of them do not reach HUF 100 million, then the individually (by pieces, or by homogenous inventory groups) accounted impairment has to be recorded in descending order until the aggregated value of the relevant individual items (homogenous inventory group) calculated together with impairment will decrease below HUF 300 million.

In case of inventories purchased as raw materials and semi-finished products or hydrocarbon production in progress to be used further on, it is investigated whether their value is recovered in the sale price of the finished products produced in the course of using such items in production. The recoverable amount determined this way is reduced by the costs expected to be incurred in order for sale. If there is no full return, impairment – if significant – is accounted for up to the level of return. It is deemed to be significant if the amount to be accounted for as impairment reaches HUF 100 million. Furthermore, in case of the aggregated difference between the carrying amount and the value determined as recoverable value reaches HUF 300 million for individual inventories' (pieces, homogenous inventory groups), value of them do not reach HUF 100 million, then the individually (by pieces, or by homogenous inventory groups) accounted impairment has to be recorded in descending order until the aggregated value of the relevant individual items (homogenous inventory group) calculated together with impairment will decrease below HUF 300 million.

Considering the characteristics of inventories, the Company does not apply reversal, but impairment may be reversed if the amount of reversal by individual inventories or by homogenous inventory group reaches HUF 100 million or the value of accounted impairment based on individual evaluation, in order to give a true and fair view.

The Company does not make use of impairment and its reversal for industrial, construction industrial and other work in progress on products and services, mediated services and packaging materials, considering their amount is not significant.

The Company records emission rights (CO₂ quotes) as commodities.

Purchase price of emission rights are as follows:

- Rights received from the Hungarian State free of charge recorded on market price valid on day of crediting in the Trade register.
- Emission rights purchased from other parties are recorded at cost including the broker fee.

Valuation of emission rights is made individually. Emission quotes are booked by groups using FIFO method. Impairment shall be recorded when carrying value of emission rights is permanently and considerably higher than the value calculated based on market price at the balance sheet preparation date (at the MNB's official exchange rate at the end of the year). Accounted impairment is deemed significant if reaches HUF 100 million. Reversal of

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impairment shall be recorded - if the reason of its accounting does not exist – until the market price but not more than the booked value of impairment.

Foreign currency put into the foreign currency petty cash, *foreign exchange* transferred to the foreign exchange account, *receivables*, *non-current financial instruments*, *securities and liabilities* denominated in foreign currency are converted to HUF at the official FX exchange rate published by the National Bank of Hungary (MNB) for the date of receipt or for the date of settlement.

The Company converts foreign currency purchased against HUF, received to the FX account, to the selected MNB exchange rate on settlement date, pursuant to the fair valuation of financial instruments.

In the confines of year-end foreign exchange revaluation, that is set out in Article 60 section (2) of the Accounting Act the Company revaluates its assets and liabilities, linked directly to investments and property rights and denominated in foreign currency and foreign exchange – irrespective of their amount – except for FX liabilities, not covered by FX assets and the assets included in fair valuation, so determines the significance limit at HUF 0.

The Company recognises exchange rate differences realised during the year and not realised at the end of the year on FX loans and FX liabilities, not covered by FX assets that relates to investments as part of the value of the investment.

The Company applies the principle of fair valuation on *financial instruments* for trading purposes and derivatives for hedging and trading (non-hedging) purposes in order to harmonise its practice with regulations of the European Community. The Act allows for applying fair valuation to financial instruments available for sale, but the Company does not make use of this opportunity. The Company applies fair valuation only to those financial instruments and financial liabilities and/or transactions in case of which the fair value can be reliably determined. Fair valuation is concluded during the interim and annual closings, based on information available on the balance sheet cut-off date.

All transaction of a clearing type or closing with the delivery of a financial instrument, derivative transactions for non-hedging as well as hedging purposes are valued at fair value.

The fair value is determined on the basis of the following (the list also represents the order in case there is more than one way to determine the fair value of a given instrument):

- stock exchange quote, in case of a sufficiently active market;
- over-the-counter market price, which reliably indicates the partner's evaluation (mark-to-market value) or arm's length agreements or supported by previous transactions and offers at the time of evaluation. The market value equals to the discounted net present value of the expected cash flows based on the yield curves. If such a value is available, it provides a better estimate of fair value than spot prices, because it takes into account the market's objective forecasts for the future;
- value calculated based on the market price of the components of the financial instrument;
- the value calculated by valuation procedures generally used in money market evaluations (e.g. discounted present value of cash flows), using external premises, based on the market values on the balance sheet cut-off date.

Non-current Investments are valued individually, based on a weighted average price.

The Company accounts for impairment on the balance sheet cut-off date, if:

- for investments listed in the stock exchange and other capital markets – in the case of a sufficiently active market – the quoted prices drop significantly below the average book price for the long run (impairment to the average quote price valid at the balance sheet preparation date),
- for investments not listed in the stock exchange, the value of the Company's equity share in the investment decreases significantly below the book value in the long-term (impairment is account for up to the amount of equity for the investment).

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The Company worked out a new method concerning revaluation of goodwill at the end of the year related to investments into subsidiaries or joint ventures, loans given to them and acquisitions. If the shareholders' equity for MOL investments is lower than the business value of investment corrected with the book value of the given loans, the realizable value of investment will be determined.

Impairment will be recognized if:

- the realizable value is lower than the book value of investment corrected with goodwill and increased by the loan given to the related party, and
- if future business expectations or strategic factors concerning the investment do not support the return of investment.

If impairment is accounted, the order is as follows:

- first the positive goodwill, after that the
- the investment, and if the impairment is above these aggregate amounts,
- the amount of the given loan will be impaired

In case the Company is liquidated or wound up the difference between the book value and the amount expected to be recovered is accounted for as impairment.

If the stock exchange price or proportionate equity of the Company does not reflect the fair market price of the given company, MOL Nyrt. determines the market value that serves as the basis of the comparison in individual valuation, based on the information available (analytical studies, plans for the future).

For unquoted investments, if the price paid on acquisition is higher than the equity share in the investment, MOL Nyrt. analyzes the Company's operating efficiency, the trend of its profitability and the durability of this trend to determine the amount of impairment loss to be accounted for.

The Company values *long-term credit securities* based on weighted average price.

It accounts for impairment on the balance sheet cut-off date for stock exchange securities if the stock exchange price less interest decreases significantly below the average book price in the long-term. The reduction is deemed to be a reduction in the long-term if it exists for a period exceeding one year and is not expected to recover within one year. The Company performs the impairment to the average stock exchange price valid at the balance sheet preparation date, less interest, irrespective of the amount.

The Company accounts for impairment on over-the-counter securities if the issuer's (debtor's) evaluation deteriorates in the long-term, i.e. for over one year. In connection with it, the Company investigates the over-the-counter price less interest, the market value, the long-term trend of the market value as well as the issuer's (debtor's) market position, i.e. whether the issuer is expected to pay the nominal value plus accumulated interest on maturity, at redemption, or what proportion of this amount the issuer will pay. In that case, the amount of impairment to be accounted for is the difference between the book value and the market price determined as above, if the difference is significant.

For *securities with maturity within or in one year*, the over the counter price is used for evaluation at the balance sheet date. MOL Nyrt. performs evaluation based on the expected recovery of the nominal value plus accumulated interest. If recovery of the nominal value plus interest becomes uncertain, it accounts for the difference between the book value and the amount expected to be recovered as impairment.

In respect of investments and securities, the amount of impairment to be accounted for is deemed to be significant if it reaches HUF 50 million. If the impairment to be accounted for reaches 50 % of the book value, it must be accounted for regardless of the amount.

If the circumstances that give rise to impairment cease to exist in whole or in part – if this trend is not expected to reverse within one year – the impairment accounted for will be reversed in the framework of qualification on the balance sheet date if the change is significant. Reversal may take place up to the original purchase price but may

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not be more than the nominal value. The changes deemed to be significant if it reaches HUF 50 million or the accounted value of impairment.

It is also possible to reverse the market-based impairment of investments accounted for before 1 January 2001.

Treasury shares are valued at the weighted average price determined by depositories.

The Company will account for impairment at the time of valuing treasury shares at the end of the year if the average stock exchange share price during 90 stock exchange days prior to the balance sheet preparation date is lower than the book value.

During the year-end valuation the difference between the book value and the value of borrowing agreement recognised as deferred expenditure at the time of the lend have to be taken into account in the book value of treasury shares received back from lend and registered in separate group.

The amount of impairment shall be determined according to the difference between the average book value of treasury shares and the average stock exchange price during 90 days prior to the balance sheet preparation date, if it reaches HUF 50 million.

The Company does not recognize impairment for treasury shares if the stock exchange price is higher than the average book value at the time of balance sheet preparation.

Reversal for treasury shares shall be recorded if the average stock exchange share price during 90 stock exchange days prior to the balance sheet preparation date is higher than the book value. Reversal may take place up to the amount of recorded impairment.

The Company does not account reversal if the stock exchange share price known at the balance sheet preparation date is lower than the average book value.

The Company nets the interest liability calculated for *repurchased convertible bonds* against the interest receivable on convertible bonds included among securities.

Based on the individual rating of *customers* and *debtors*, MOL Nyrt. accounts for impairment on receivables outstanding on the balance sheet date that are not settled by the date of preparing the balance sheet, if the book value of the receivable is significantly exceeds the amount expected to be recovered from the receivable. Rating is made based on the information available at the time of preparing the balance sheet in the course of which the Company estimates expected percentage of collection of receivables. The rating shall set out in the criteria that serve as the basis for determining the percentage of expected collection. The difference shall be significant if it reaches 20% of the value of the receivable for a customer or a debtor. If the amount of the difference exceeds HUF 1 million, impairment is always accounted for.

Major criteria for debtor rating:

- bankruptcy or liquidation proceedings have been launched against the debtor,
- foreclosure proceedings have been launched against the debtor,
- the due date of the receivable from the debtor has been passed,
- written statement or information issued by a bankruptcy commissioner or liquidator,
- collection of the receivable is not likely due to the debtor's financial position (e.g. indebtedness, bad solvency, etc.).

If the amount expected to be recovered out of the receivable based on the rating of the customer or debtor on the balance sheet date considerably exceeds the book value of the receivable (criteria for write-off are not in place or are in place only in part) the Company will reverse all or a part of the impairment accounted for earlier. The book value of the receivables following the reversal may not exceed the book value of the original receivable that is not yet settled. The amount will be deemed to be significant if it exceeds HUF 100,000 or the accounted value of impairment.

During valuation of inter-company loans - financing operation of related party - the Company proceeds according to the rules applied for investment assessment.

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MNB official rate is used for the HUF translation of new foreign exchange following the exchange of foreign exchanges on account. The difference between the book value of old and the initial book value of new foreign exchange is recognised as other financial expense or income. The Company applies the above mentioned procedure in case of transfers between foreign exchange and foreign currency accounts and between accounts with same foreign exchange.

In case of exchange of liabilities denominated in foreign exchange, the new liability is converted into HUF by using MNB official FX rate applicable on the settlement date of the agreement of the new liability. In case of loan exchange transactions, when only the foreign exchange in which the loan is denominated is modified, the new FX loan is converted into HUF by using MNB official FX rate applicable on the date of agreement.

For assets denominated in foreign currency or foreign exchange, both impairment and its reversal shall be determined in foreign exchange. The amount of impairment determined is converted to HUF at the book exchange rate of the given asset. The amount determined as reversal is converted to HUF at the weighted average exchange rate of the impairments reduced by any reversal. Impairment and reversal are accounted for before the year-end total foreign exchange revaluation.

3.4.3. Depreciation policy

Changes in the Depreciation policy:

From 1 January 2007 a strategic approach change was made in the procurement of hardware assets and software applications, and this was forerun by the information technology central system change at the end of 2006. The change of approach resulted in that the technical useful life of information technology assets, and applications running on them increased. At the Company, the economical useful life of these assets has been changed from 3 years to 4-5 years. (The effect of the change made on the balance sheet and the income statement can be seen in Note 10.)

MOL Nyrt. interprets depreciation in accordance with the regulations of the Accounting Act, with the following additions:

In respect of property, plant and equipment MOL Nyrt. usually applies a linear depreciation based on the gross value; with the exception of assets that may be allocated only to one mine (excluding the rights of property value linked to these assets) catalyst and provision for estimated future cost of field abandonment of oil and gas production facilities following the termination of production booked as tangible asset, for which a depreciation method of unit of production is used, that is based on the carrying value.

PB gas containers and the reinforced concrete big modular road surface plates – with value less than HUF 100,000 – are booked in group, and depreciated by linear depreciation in case of PB gas containers during 5 years and in case of reinforced concrete elements during 10 years.

Selection criteria for technical-economic useful life and for depreciation rates are defined in the regulation issued on the Group level, which includes the technical-economic useful life with adequate depreciation rate by the group of assets. Deviation from the depreciation rates defined in the regulation is allowed based on individual valuation, in case of different usage characteristics, based on written technical qualification.

The economical useful life of assets are as follows: 10-50 years for buildings, 4-12.5 years for refinery equipments, 7-25 years for gas and oil transporting and storing equipments, 5-25 years for filling stations and their equipments and 3-10 years for other equipments.

Depreciation is accounted for in the SAP R/3 system on daily basis at the end of each month.

No further depreciation may be recognised if the carrying value of the asset has already reached its residual value.

The residual value is not nil if it is clearly decided at the time of acquiring the asset that the asset's useful life for the Company will not reach 75% of the asset's technical-economical useful life and the residual value expected to be

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significant at the end of its useful life. The residual value may be determined in respect of individual asset or asset groups required to undertake the core activities, representing a significant value at company level. The residual value is subject to yearly revision, modification should be made if the expectations significantly differ from previous expectations.

The Company will change the depreciation for assets if there was a substantial change (if the amount of annual depreciation for an individual asset changes by at least 20% but minimum HUF 10 million) in the circumstances taken into account in determining the depreciation to be accounted for every year (gross value, useful life, proper use). The annual review of economical useful life is made by the Company for intangible assets with carrying value reach HUF 10 million net, and for tangible assets with gross value reach HUF 50 million and carrying value reach HUF 10 million.

The effect of the revision on year 2007 balance sheet and income statement is provided in Note 9.

The Company does not recognise planned depreciation for those assets, which value does not decrease all through their use.

The assets should be divided into main parts in the accounting records, if the technical useful life of the main parts differs from the useful life of the assets determined by the Company, and the depreciation should be applied for each main part. The definition of main part (component) is the smallest identifiable unit, that has a different useful life compared to that of other components and it has a significant value compared to the whole value of the asset.

MOL Nyrt. accounts for impairment if rights and titles can be enforced only in a limited manner or not at all within the expected depreciation period, if the intellectual product and the Property, Plant and Equipment are missing, damaged or destroyed, or if the market value of intangible goods and Property, Plant and Equipment is significantly lower than their carrying value for the long term. If the market value of an individual asset cannot be determined, the Company will create the smallest asset group for which market evaluation is applicable.

For an individual asset or asset groups where individual market evaluation is not possible or does not reflect the real value in use of the asset or asset group, the comparative basis for impairment and reversal purposes will be determined by cash flow calculation based on profit-generating ability. The Company has created the asset groups in its Accounting policy for determining the profit generating ability.

Impairment based on market valuation will be reversed if the reasons for impairment do not exist any more or exist only in part. The Company will account for reversals only in connection with the end-of-year valuation of assets.

In the Accounting policy, the significant amounts of impairment and reversal purposes were separately determined for each asset group.

3.4.4. Rules for provisions

MOL Nyrt. recognises provisions for contingent liabilities against profit before taxation.

Provisions for contingent liabilities

The Company makes provisions for liabilities that may be expected due to severance payment and early retirement in case that it has an accepted plan for redundancies applicable to the coming years, which is elaborated in detail and has a significant financial impact furthermore if decisions related to redundancy are documented in details. Provisions in every case are supported by individual calculation.

MOL Nyrt. makes provisions for retirement bonuses granted to employees. The amount of provision is determined considering three months' personal base salary on the retirement of employees as set out in the

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internal regulation and one piece of MOL share allowance provided after each year employed by the MOL Group taking into account financial assumptions and actuarial calculations, which are expected to arise as actual liabilities in the future.

At MOL Nyrt., from 2008 loyalty bonus was introduced to admit those employees who work for the Company for a long time. The Company makes provision to cover the undertaken liabilities.

Provision is recognised for guaranties and securities granted by the Company if there is a probability of more than 50% that a part or all of the guarantee or security amounts will be drawn. When determining this probability, it takes into account the financial and liquidity position of the company benefiting from the guarantee or surety, its willingness to pay in the normal course of business with MOL Nyrt. as well as any information obtained about its operation. The amount of provision is determined based on the possible draw downs weighted by probabilities.

The Company makes provisions to cover liabilities arisen from wholesale customer complaints if the amount is considerable and if it is probable at the time of the balance sheet preparation that the quantity and quality of customer's complaint will be accepted, recognised by the Company.

The Company recognises provisions against profit before tax or tangible assets for future liabilities related to environmental protection and future liabilities on abandoning production on hydrocarbon production fields (provisions for field abandonment). The amount of the provision is the discounted present value of the future liabilities expected to be incurred.

If the environmental damages relate to the production process the provision is recognised against profit before taxation. If the liability relates directly to the future removal of the assets, restoration of the original conditions, the provision is capitalised in the value of related oil and gas producing assets taking into consideration the expected return on future production process pursuant to the accounting principle of comparability.

The Company capitalises in the value of Property, Plant and Equipment (according to the regulations stipulated in sections 3.4.6) that amount of provision which is expected to incur in relation with the damage caused by the construction and removal of oil and gas producing assets as the mining activity is ceased according to the Mining Act.

Provision is recognized when actual emission rights owned by the Company exceed the emission of the Company. The amount of provision is assessed based on not covered emission and market price at balance sheet date.

Provision is recognised for liabilities expected to arise on unclosed litigation, for the expected amount (based on a proportion determined subject to the litigation value and the expected outcome of the litigation) if at the time of preparing the balance sheet, it is probable that the Company will incur a financial liability on closing the legal dispute.

The Company recognises provisions for the value of unused points in the point-collection schemes operated with other companies (Regular Customer and Multipont).

3.4.5. Classification of errors for previous years

MOL Nyrt. determines the limits of significant errors at HUF 0. This means that it accounts for the effect of all errors concerning previous years regardless of its limit and positive or negative sign as adjustments of previous years, so they do not affect the profit or loss of current period. The errors identified concerning previous years are shown in the middle column of the balance sheet and income statement, as adjustment to previous years.

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The combined extent of an error substantially influencing the true and fair view of the Company is the lower of at least 20% of the shareholders' equity of the year preceding the current reporting year or change with correct sign exceeding 2% of total balance sheet amount of the same year.

3.4.6. Application of paragraph (4) of 4. of the Accounting Law in the Company financial statements for year 2007

In the course of the preparation of the 2005 annual financial statements, the Company departed from § 41.(1) of the accounting law based on its allowance described in § 4.(4) to give a true and fair view of the equity and financial position of MOL Nyrt. as at 31 December 2005 and of the results of its operations for the year then ended. Consequently, in order to appropriately match the expenditure with the related revenue, provision for field abandonment in the amount of HUF 50,076 million had been recognised as an increase of property plant and equipment, instead of charging the amount directly to income before taxation. This treatment is consistent with that adopted in the financial statements of the Company prepared in accordance with International Financial Reporting Standards.

As a result of the departure from the accounting law regarding the field abandonment as at 31 December 2007 the property plant and equipment is presented with a higher value of HUF 20,389 million. The Company made a capital reserve in the amount of HUF 20,389 million corresponding to the capitalised field abandonment provision included in the net balance of property, plant and equipment as of 31 December 2007 in order to fund the future liabilities.

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4. The true and fair view of the Company's financial and earnings position
(the values in the formulas of calculated indicators are shown in HUF million)

This chapter presents the Company's asset, financial and income position, as well as return and performance indicators, the sales revenue, with explanations where necessary.

4.1. Assets

4.1.1. Changes in the Company's assets

<i>Description</i>	<i>2006</i>	<i>2007</i>	<i>Breakdown (%)</i>		<i>Change (%)</i>
			<i>2006</i>	<i>2007</i>	
Non-current assets	1,021,966	1,165,007	47.83	43.15	14.00
Current assets	1,089,456	1,433,207	51.00	53.08	31.55
Accruals and prepayments	24,932	101,854	1.17	3.77	308.53
Total	2,136,354	2,700,068	100.00	100.00	26.39

There was a significant increase in Company's assets between the two periods. The growth was a consequence of the changes in the non-current assets and the current assets. The change in the value of the non-current assets was caused by the increase of long-term financial investments, mainly as a result of the realised acquisitions (basically the purchase of IES in Northern-Italy and the Tifon acquisition in Croatia that helps us to strengthen our retail position). See note 14.1.

The growth of the current assets represents 61% from the total asset increase. The main reason for the change was the treasury share repurchases within the frame of the capital optimisation program, which appear as receivables in the balance sheet (HUF +439.1 billion) due to the shares lent to OTP Bank and MFB Invest. Major part of the treasury share repurchase was carried out by spending the available cash sources. The effect of the purchase reflects in the decrease of HUF 301.4 billion in the value of cash and cash equivalents.

Current assets were increased further by the changes in inventories (HUF+ 53.0 billion) and the receivables from related parties (HUF +114.2 billion). In the case of inventories, the growth appears at the purchased materials, semi finished and finished products due to the higher crude oil reserves and purchase prices and the increased stock level caused by the higher feedstock prices. Change in the receivables from related parties was basically driven by the increase of HUF 35.6 billion in the receivables against subsidiaries from supply of goods and services. From the latter, the new subsidiary, the MMBF Földgáztároló Zrt. represents HUF 13.6 billion. The other major item was the short term loans given to subsidiaries that caused increase of HUF 39.7 billion among the receivables. The reason behind the change was the loan given to the two newly purchased subsidiaries, HUF 18.8 billion to Greentrade to finance operation and HUF 22.5 billion to Tifon to help the repayment of the existing loans and to finance operation).

The change in the prepayments was mainly influenced by the loss accrual of HUF 52.8 billion, which resulted from the difference between the book value and the contract value of lent treasury shares.

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4.1.2. Capital structure

Capital structure of the Company

<i>Description</i>	<i>2006</i>	<i>2007</i>	<i>Breakdown (%)</i>		<i>Change (%)</i>
			<i>2006</i>	<i>2007</i>	
Shareholders' equity	1,468,070	1,602,544	68.72	59.35	9.16
Provisions	104,014	112,434	4.87	4.16	8.10
Liabilities	516,981	940,968	24.20	34.85	82.01
Deferrals	47,289	44,122	2.21	1.64	(6.70)
Total	2,136,354	2,700,068	100.00	100.00	26.39

The 2007 capital structure rearranged beside the 26.39% increase in the total shareholder's equity and liabilities. The portion of shareholder's equity decreased despite the fact that 2007 net income increased the absolute value. The reason for the drop in the portion was the growth of liabilities (specially the long term loans) as a result of the realised acquisitions and the treasury share repurchases realised in the frame of the capital structure optimisation program.

Internal structure of shareholders' equity

<i>Description</i>	<i>2006</i>	<i>2007</i>	<i>Breakdown (%)</i>		<i>Change (%)</i>
			<i>2006</i>	<i>2007</i>	
Share capital	109,330	109,675	7.45	6.84	0.32
Share premium	220,759	222,354	15.04	13.87	0.72
Retained earnings	622,754	878,448	42.42	54.82	41.06
Tied-up reserve	269,860	260,396	18.38	16.25	(3.51)
Fair valuation reserve	0	0	0.00	0.00	-
Net income	245,367	131,671	16.71	8.22	(46,34)
Total	1,468,070	1,602,544	100.00	100.00	9,16

The increase within shareholders' equity reflects the impact of 2007 net income. Although the net income increased the shareholder's equity by itself, but the growth was lower by HUF 113,7 billion than in the previous year. The reason for the profit fall was the decrease of operating profit and the corporate tax payable for 2007 against the 100% MOL tax holiday in 2006.

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4.1.3. Revenues

<i>Description</i>	<i>2006</i>	<i>2007</i>	<i>Breakdown (%)</i>		
			<i>2006</i>	<i>2007</i>	<i>Change (%)</i>
Net domestic sales revenues	1,472,052	1,465,896	78.57	79.60	(0.42)
Export net sales revenues	401,584	375,605	21.43	20.40	(6.47)
Total net sales revenues	1,873,636	1,841,501	100.00	100.00	(1.72)

The net sales revenue decreased slightly due to the decline in natural gas sales revenue. The sales revenue from crude oil products wholesale and retail and its related services, which make up 92% of MOL Nyrt. sales revenue remained at the base level.

From the revenue of crude oil product sale (contains CH products, but also the sale of LPG and CH products as goods), the domestic revenue increased by 2% compared to last year, due to the 4% increase of sold quantities and the increase of crude oil product prices. These favourable effects were moderated by the unfavourable change in composition and FX rates.

The 6.6% decrease of export revenue from crude oil product sale was mainly due to the decline of sales volumes (by 6.1%) and FX rates. These negative effects were compensated by the increase of crude oil product quoted prices.

The decrease of 27% in the revenue realised on natural gas sale was influenced by both the fall of sales volumes (by 16.1% basically as a result of the Szőreg-1 field reserve sale) and the 12.8% decrease of natural gas sales price.

4.1.4. Costs, expenditures compared to revenue

<i>Description</i>	<i>2006</i>	<i>2007</i>	<i>Breakdown (%)</i>		<i>Change (%)</i>
			<i>2006</i>	<i>2007</i>	
Net sales revenues total	1,873,636	1,841,501	100.00	100.00	(1.72)
Raw material costs	758,983	821,558	40.51	44.61	8.24
Value of services used	99,616	91,407	5.32	4.96	(8.24)
Other services	237,122	211,039	12.66	11.46	(11.00)
Cost of goods sold	210,351	192,069	11.23	10.43	(8.69)
Value of services sold (intermediated)	5,598	9,174	0.30	0.50	63.88
MATERIAL TYPE EXPENSES	1,311,670	1,325,247	70.01	71.97	1.04
Payroll expenses	33,019	34,187	1.76	1.86	3.54
Other personnel-type expenses	6,635	6,607	0.35	0.36	(0.42)
Tax and contributions	11,872	12,213	0.63	0.66	2.87
PERSONNEL TYPE EXPENSES	51,526	53,007	2.75	2.88	2.87
DEPRECIATION	57,936	55,604	3.09	3.02	(4.02)
OTHER OPERATING EXPENSES	340,888	349,607	18.19	18.98	2.56
TOTAL COSTS AND EXPENSES	1,762,020	1,783,465	94.04	96.85	1.22

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Comparing the costs and expenditures to net sales revenues, it is clear that compared to 2006 there was an increase of 2.81%, although total costs and expenditures increased by only 1.22%. The change was determined by the decrease of 1.72% in net sales revenue compare to the previous year.

Among the material type expenditures the increase of the material cost was the most significant (went up by HUF 62.6 billion), due to the purchased production materials, especially the crude oil prices, crude oil processing and the increase in the related other production material volumes. The cost of goods sold decreased slightly (by HUF 18.3 billion), mainly crude oils as goods purchase. The reason for this was the significant drop of crude oil sales to INA through MOL in 2007. Cost was further decreased by the fall in used services (within this, basically the advisory, maintenance and environmental protection related costs) and mining royalty within the cost of other services that went down by HUF 27.3 billion due to the effect of lower natural gas sales volumes and prices.

Personal expenditures went up slightly compared to 2006. The cost increasing effect of the realised salary raise was considerably moderated by the temporary effect of the headcount cut-back that was carried out in 2006 (although in 2006 it did not increase the total costs, because the related provision was released among the other expenditures), the one time anniversary premium in 2006. Changes in amortisation and depreciation basically reflect the amortisation effect of field abandonment provision capitalised in 2007 (HUF -3.4 billion). Other expenditures were higher by HUF 8.7 billion compared to 2006. The main reason for the growth was the provision of HUF 10.8 billion, made for other forecasted liabilities and loyalty bonus in 2007. Beside that the settlement of delivery of CO₂ emission permits to the central budget appeared as a significant cost decreasing effect (in 2007 the total value of delivery obligation to the government was HUF 1.7 billion, while in 2006 it was HUF 12.6 billion, which came with an impairment of HUF 7.3 billion compared to 2007 value of HUF 0.5 billion. The main reason for the fall was the drastic drop of the CO₂ market price compared to 2006 that decreased the value of the received quota and the delivery obligation), which compensated the higher excise duty payable (by HUF 10.2 billion) caused by the increased crude oil product sale and the effect of the increased impairment (higher by HUF 6.0 billion).

4.1.5. Financial indicators

Equity ratio

$$\frac{\text{Shareholders' equity}}{\text{Total shareholders' equity and liability}} * 100$$

	2006	2007
	$\frac{1,468,070}{2,136,354} = 68.72\%$	$\frac{1,602,544}{2,700,068} = 59.35\%$

The indicator worsened because the increase of total shareholders' equity and liability exceeded the increase of shareholder's equity. The change within the shareholder's equity reflects the effect of the net income for 2007. Within the value of total shareholder's equity and liability, liabilities, especially the long term loans, went up due to the realised acquisitions and the treasury share repurchases within the frame of the capital structure optimisation program. These actions caused a decline in the indicator.

4.1.6. Current assets

$$\frac{\text{Current assets + Accruals and prepayments}}{\text{Non-current assets}} * 100$$

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<i>2006</i>	<i>2007</i>
$\frac{1,114,388}{1,021,966} = 109.04\%$	$\frac{1,535,061}{1,165,007} = 131.76\%$

The change in the indicator is mainly due to the fact that the increase of current assets exceeded the increase of the non-current assets. Current assets went up because of the change in receivables, especially the growth in other short term receivables (by HUF 436.7 billion), which reflects the effect of the lent treasury shares, purchased in the frame of the capital structure optimisation program. Increase of the non-current assets was caused by the above mentioned acquisitions and the related goodwill increase.

4.2. Financial position

Acid liquidity ratio

$$\frac{\text{Cash and cash equivalents} + \text{Receivables} + \text{Securities}}{\text{Short-term liabilities} + \text{Deferred cost and expenses}}$$

<i>2006</i>	<i>2007</i>
$\frac{979,090}{366,118} = 2.67$	$\frac{843,296^*}{473,767} = 1.78$

* The amount does not include receivable arisen from the lent treasury shares (in 2006 the Company did not have such receivables).

The Company's acid liquidity ratio - although it shows lower value in comparison with the base period – reflects favourable changes similarly to the improving tendency of previous years. The total amount of the cash and cash equivalents, receivables and securities considerably exceeds the total value of short-term liabilities and deferred costs and expenses. The value of the indicator was favourably influenced by the cash and cash equivalent considerable decrease in 2007, however this decrease was compensated by the increase in receivables from related parties (related party receivables from the supply of goods and services, loan given to subsidiaries to finance its operation). In the meantime short-term liabilities and deferred cost and expenses increased by 29.4%, which was basically caused on the one part by loans received from subsidiaries with the amount of 29.4 billion, (From which effect of Slovnaft was HUF 27.1 billion and effect of MOL Romania was HUF 11.4 billion.) on the other part dividend liabilities increased by HUF 35 billion. Due to the aggregate impact of the above mentioned factors, acid liquidity ratio shows lower value than in 2006.

Debtors days

$$\frac{\text{Adjusted average receivable from customers}}{1 \text{ day sales revenue}}$$

<i>2006</i>	<i>2007</i>
$\frac{135,039}{5,133} = 26.31$	$\frac{134,705}{5,045} = 26.70$

Debtors' days increased slightly over the period, because the decrease of the 1 day sales revenue was higher than the decrease of the average value of the receivables. Sales revenue went down by only 1.72%, as a result of the decline in natural gas sales revenue (by HUF 45.3 bn), while the change in debtors' chronological average was a consequence of the increase of crude oil product price.

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4.3. Profitability indicators

Asset efficiency

$$\frac{\text{Profit before tax + interests and interests-type expenses}}{\text{Average Asset}} * 100$$

	<i>2006</i>	<i>2007</i>
	$\frac{308,467}{2,097,290} = 14.71\%$	$\frac{271,468}{2,353,263} = 11.54\%$

Asset efficiency decreased because of the lower profit before taxation, the increase of paid interest and interest type expenditures, and the higher value of asset's chronological average. The reason for the decrease in profit before taxation was caused by the decrease of HUF 24.7 billion in operating profit. Increase in paid interest reflects the effect of the growth in credits, in line with the capital needs generated by the treasury share transactions connected to the share capital optimisation program and acquisitions. The average chronological value of assets increased due to the realised acquisitions and the realised treasury share repurchases within the frame of the share capital optimisation program.

4.4. Return and performance indicators

Return on Assets

$$\frac{\text{Profit after tax}}{\text{Total assets}} * 100$$

	<i>2006</i>	<i>2007</i>
	$\frac{295,367}{2,136,354} = 13.83\%$	$\frac{216,671}{2,700,068} = 8.02\%$

The indicator went down by 5.81 per cent point mainly as a result of the profit after taxation that decreased by 26.6% as a result of the earlier mentioned factors and the corporate tax payable in 2007 against the tax holiday in 2006. The decrease was also influenced by the increase of total shareholders equity and liabilities by 26.4% mainly as a result of the higher liabilities primarily due to the loans used for acquisitions and treasury share purchases.

ROACE (Return on Average Capital Employed)

$$\frac{\text{Operative profit after tax}}{\text{Average capital employed}} * 100$$

	<i>2006</i>	<i>2007</i>
	$\frac{132,821}{623,407} = 21.31\%$	$\frac{87,116}{832,191} = 10.47\%$

ROACE decreased by 10.84 per cent point as a result of the operating profit after taxation that went down by 34.4%. The reason for the decreased profit was the lower profit realised on domestic exploration-production, as a result of the missing volume caused by the sale of Szőreg-1 field reserve. Beside that, lower natural gas sales prices also had negative effect on profit. In 2006 MOL had corporate tax holiday, while in 2007 MOL had to pay corporate tax, which also played a significant role in the decrease in the value of profit after taxation. These unfavourable effects were partially compensated by the realised Retail profit, which exceeded the base figure by

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44.9% (by HUF 4.3 billion) as a consequence of the continuous improvement of cost efficiency. The average capital employed went up as a result of the realised acquisitions and treasury share repurchases carried out in the frame of the share capital optimisation program.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) ratio

$$\frac{\text{EBITDA}}{\text{Net sales revenue}} * 100$$

<i>2006</i>	<i>2007</i>
$\frac{191,579}{1,873,636} = 10.22\%$	$\frac{164,499}{1,841,501} = 8.93\%$

EBITDA ratio decreased in 2007 as a result of the HUF 27.1 billion fall in EBITDA and the net sales revenue that went down by 1.72%. Lower profit was mainly caused by the decreased sales revenue, basically due to the natural gas sales revenue that declined by 27.5% as a result of the above mentioned factors.

Indebtedness

$$\frac{\text{Long-term credits and loans, liabilities from the issue of bonds + Short-term credits and loans - Securities - Cash and cash equivalents}}{\text{Long-term credits and loans, liabilities from the issue of bonds + Short-term credits and loans - Securities - Cash and cash equivalents + Shareholders' equity}} * 100$$

<i>2006</i>	<i>2007</i>
$\frac{(385,876)}{1,082,194} = (35.66) \%$	$\frac{258,962}{1,861,506} = 13.91\%$

Gearing ratio turned into positive compared to the negative figure in 2006 as a result of the increase in liabilities and the decrease in cash and cash equivalents. The reasons behind the changes are – similarly to the previously explained indicators – the realised acquisitions and the treasury share repurchases carried out in the frame of the share capital optimisation program.

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5. Cash Flow Statement

	HUF million	
<i>Description</i>	<i>2006</i>	<i>2007</i>
Profit before taxation	296,333	255,810
Dividend received	(82,250)	(67,967)
Research expenses	10,593	9,032
Exchange rate difference	(27,336)	(8,193)
Fair valuation difference	(15,952)	(36,130)
Financial income without cash movement	0	0
Non repayable transfer and receipt of assets	(438)	292
Adjusted profit before taxation	180,950	152,844
Depreciation and impairment	67,360	62,128
Write off and reversal	15,919	37,787
Provisions made and used, net	(1,681)	10,597
Gain or loss of the sale of non-current assets	(17,009)	(16,603)
Change of liabilities to suppliers	3,450	34,728
Change of other short-term liabilities	53,157	(8,040)
Change of deferrals	(9,549)	11,584
Change of trade receivables	8,413	(33,895)
Change of current assets (excluding trade receivables and cash)	12,231	(623,627)
Change of accruals and prepayments	3,751	(24,181)
Change of reserves	1,925	0
Corporate tax paid, payable	(4,594)	(33,656)
Dividend paid, payable	(34,979)	(49,963)
<i>Operating cash flow</i>	279,344	(480,297)
Purchase of non-current assets	(61,731)	(56,965)
Purchase of non-current financial investments	(50,696)	(190,804)
Sale of non-current assets	505	511
Sale of non-current financial investments, capital withdrawal	287,112	(7,523)
Cash and cash equivalents transferred permanently	(49)	(204)
Research expenses	(10,593)	(9,032)
Dividend received	82,250	67,967
<i>Investment cash flow</i>	246,798	(196,050)
Revenue from the issue of bonds and debt securities	0	0
Long-term loans received	571,279	555,680
Non repayable cash received	5	12
Repayment of bonds and debt securities	0	0
Repayment of long-term credits and loans	(789,200)	(192,426)
Change of short-term credits and loans	21,347	11,700
<i>Financing cash flow</i>	(196,569)	374,966
<i>Change of cash</i>	329,573	(301,381)

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6. Intangible assets

Gross book value	HUF million					
Movements	Capitalised cost of foundation and restructuring	Capitalised research and development cost	Property rights	Intellectual property	Goodwill	Total intangible assets
Opening balance 01.01.2006	0	219	1,558	33,886	5,008	40,671
Increase due to purchases	0	131	101	5,008	0	5,240
Increase due to reclassification	0	0	0	192	0	192
Other increase	0	0	0	151	0	151
Decrease due to sales*	0	0	0	0	(1,103)	(1,103)
Decrease due to scrapping, damages or shortages	0	(24)	(3)	(85)	0	(112)
Decrease due to reclassification	0	(15)	0	(183)	0	(198)
Other decrease**	0	0	(1)	(31)	(1,803)	(1,835)
Closing balance 31.12.2006	0	311	1,655	38,938	2,102	43,006
Increase due to purchases	0	563	676	3,638	0	4,877
Increase due to reclassification	0	0	746	377	0	1,123
Other increase***	0	0	0	2	45,364	45,366
Decrease due to scrapping, damages or shortages	0	(18)	(2)	(2,390)	0	(2,410)
Decrease due to reclassification	0	(112)	0	(849)	0	(961)
Closing balance 31.12.2007	0	744	3,075	39,716	47,466	91,001

*Due to the sale of M.P. Petroleum Distributie Srl. and S.C. Aviation Petroleum Srl.

**Due to transformation of MOL Ro Comert Srl.

***Goodwill capitalised due to the purchase of Italiana Energia e Servizi S.p.A. and Tifon d.o.o.

Depreciation	HUF million					
Movements	Capitalised cost of foundation and restructuring	Capitalised research and development cost	Property rights	Intellectual property	Goodwill	Total intangible assets
Opening balance 01.01.2006	0	18	199	24,833	0	25,050
<i>of which: depreciation</i>	0	18	199	24,643	0	24,860
<i>impairment</i>	0	0	0	190	0	190
Increase of depreciation	0	0	291	2,362	0	2,653
Increase of impairment based on market valuation	0	0	0	131	0	131
Increase of impairment due to scrapping, damages or shortages	0	24	0	0	1,803	1,827
Other increase	0	0	2	170	0	172
Decrease due to scrapping, damages or shortages	0	(24)	(3)	(85)	0	(112)
Other decrease	0	0	(1)	(10)	(1,803)	(1,814)

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Movements	Capitalised cost of foundation and restructuring	Capitalised research and development cost	Property rights	Intellectual property	Goodwill	Total intangible assets
Closing balance 31.12.2006	0	18	488	27,401	0	27,907
<i>of which: depreciation</i>	0	18	488	27,079	0	27,585
<i>impairment</i>	0	0	0	322	0	322
Increase of depreciation	0	0	486	3,088	0	3,574
Increase of impairment based on market valuation	0	0	55	0	0	55
Increase of impairment due to scrapping, damages or shortages	0	0	0	1	0	1
Increase due to reclassification	0	0	86	0	0	86
Other increase	0	0	0	37	0	37
Decrease due to scrapping, damages or shortages	0	(18)	(2)	(2,390)	0	(2,410)
Decrease due to reclassification	0	0	0	(86)	0	(86)
Other decrease	0	0	0	(1)	0	(1)
Closing balance 31.12.2006	0	0	1,113	28,050	0	29,163
<i>of which: depreciation</i>	0	0	1,058	27,728	0	28,786
<i>impairment</i>	0	0	55	322	0	377

Net book value as of 31 December 2006	0	293	1,167	11,537	2,102	15,099
Net book value as of 31 December 2007	0	744	1,962	11,666	47,466	61,838

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7. Property, plant and equipment

Gross book value	HUF million				
Movements	Land and building and related property rights	Plant, machinery and vehicles	Other equipment, fixtures and vehicles	Assets under construction and related advances	Total property, plant and equipment
Opening balance 01.01.2006	405,220	298,144	38,044	24,246	765,654
Increase due to capital expenditure	0	0	0	61,598	61,598
Capitalisation	15,882	24,630	4,125	(44,637)	0
Increase due to reclassification	2	5,670	3	58	5,733
Other increase	73	7	34	253	367
Decrease due to sales	(457)	(432)	(193)	(6)	(1,088)
Decrease due to scrapping, damages and shortages	(930)	(3,276)	(1,091)	(80)	(5,377)
Decrease due to contribution in kind or transfers free of charge	(366)	(5)	(21)	(7)	(399)
Decrease due to reclassification	(7,135)	(306)	(1,672)	(341)	(9,454)
Other decrease	(1,010)*	0	(41)	(1,152)	(2,203)
Closing balance 31.12.2006	411,279	324,432	39,188	39,932	814,831
Increase due to capital expenditure	0	0	0	49,160	49,160
Capitalisation	30,814	18,829	3,601	(53,244)	0
Increase due to reclassification	55	293	128	51	527
Other increase	14	1	10	49	74
Decrease due to sales	(568)	(363)	(103)	(204)	(1,238)
Decrease due to scrapping, damages and shortages	(668)	(1,394)	(1,485)	(2,240)	(5,787)
Decrease due to contribution in kind or transfers free of charge	(22)	(4)	(79)	(71)	(176)
Decrease due to reclassification	(5,673)	(2,309)	(23)	(88)	(8,093)
Other decrease	(2,179)*	(74)	(2)	(155)	(2,410)
Closing balance 31.12.2007	433,052	339,411	41,235	33,190	846,888

Items marked with * contains field abandonment provision capitalised in the value of mining properties. See section 3.4.6.

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Depreciation	HUF million				
Movements	Land and building and related property rights	Plant, machinery and vehicles	Other equipment, fixtures and vehicles	Assets under construction and related advances	Total property, plant and equipment
Opening balance 01.01.2006	184,409	197,125	29,619	10	411,163
<i>of which: depreciation</i>	176,095	196,013	29,582	0	401,690
<i>impairment</i>	8,314	1,112	37	10	9,473
Increase of depreciation	26,454	25,344	3,485	0	55,283
Increase of impairment based on market valuation	7,483*	45	28	8	7,564
Increase of impairment due to scrapping, damages and shortages	163	285	6	80	534
Increase due to reclassification	2	2,882	5	0	2,889
Other increase	26	13	19	0	58
Reversal of impairment	(573)	(54)	(4)	0	(631)
Decrease due to sales	(231)	(416)	(186)	0	(833)
Decrease due to scrapping, damages and shortages	(930)	(3,276)	(1,091)	(80)	(5,377)
Decrease due to contributions in kind and transfers free of charge	(332)	(5)	(21)	0	(358)
Decrease due to reclassification	(4,669)	(28)	(1,362)	0	(6,059)
Other decrease	(124)	0	(34)	0	(158)
Closing balance 31.12.2006	211,678	221,915	30,464	18	464,075
<i>of which: depreciation</i>	196,779	220,790	30,401	0	447,970
<i>Impairment</i>	14,899	1,125	63	18	16,105
Increase of depreciation	23,463	25,104	3,463	0	52,030
Increase of impairment based on market valuation	4,431*	87	6	0	4,524
Increase of impairment due to scrapping, damages and shortages	256	124	43	2,240	2,663
Increase due to reclassification	20	124	53	0	197
Other increase	20	5	9	0	34
Reversal of impairment	(577)	0	0	(5)	(582)
Decrease due to sales	(327)	(332)	(90)	(3)	(752)
Decrease due to scrapping, damages and shortages	(668)	(1,394)	(1,485)	(2,240)	(5,787)
Decrease due to contributions in kind and transfers free of charge	(5)	(4)	(79)	0	(88)
Decrease due to reclassification	(3,663)	(1,796)	(18)	0	(5,477)
Other decrease	(25)	(118)	(2)	0	(145)
Closing balance 31.12.2007	234,603	243,715	32,364	10	510,692
<i>of which: depreciation</i>	219,292	242,507	32,296	0	494,095
<i>Impairment</i>	15,311	1,208	68	10	16,597

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Movements	Land and building and related property rights	Plant, machinery and vehicles	Other equipment, fixtures and vehicles	Assets under construction and related advances	Total property, plant and equipment
Net book value as of 31 December 2006	199,601	102,517	8,724	39,914	350,756
Net book value as of 31 December 2007	198,449	95,696	8,871	33,180	336,196

Items marked with * contains impairment of field abandonment provision capitalised in the value of mining properties. See section 3.4.6.

8. Depreciation

Depreciation HUF million

<i>Description</i>	Straight-line		Unit of production		Lump sum		Total amount	
	2006	2007	2006	2007	2006	2007	2006	2007
Capitalised research and development costs	0	0	0	0	0	0	0	0
Property rights	275	478	0	0	16	8	291	486
Intellectual property	2,354	3,087	0	0	8	1	2,362	3,088
Intangible assets	2,629	3,565	0	0	24	9	2,653	3,574
Land and building and related property rights	10,140	10,298	16,314	13,165	0	0	26,454	23,463
Plant, machinery and vehicles	23,987	22,952	1,350	2,142	7	10	25,344	25,104
Other equipment, fixtures and vehicles	3,121	3,165	0	0	364	298	3,485	3,463
Property, plant and equipment	37,248	36,415	17,664	15,307	371	308	55,283	52,030
Total	39,877	39,980	17,664	15,307	395	317	57,936	55,604

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Extraordinary depreciation, impairment and reversal

HUF million

Description	Impairment based on market valuation		Impairment due to scrapping, damages and shortages		Other increase		Reversal of impairment		Total	
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Capitalised research and development costs	0	0	24	0	0	0	0	0	24	0
Property rights	0	55	0	0	0	0	0	0	0	55
Intellectual property	131	0	0	1	0	0	0	0	131	1
Goodwill*	0	0	0	0	1,803	0	0	0	1,803	0
Intangible assets	131	55	24	1	1,803	0	0	0	1,958	56
Land and building and related property rights	7,483	4,431	163	256	0	0	573	577	7,073	4,110
Plant, machinery and vehicles	45	87	285	124	0	0	54	0	276	211
Other equipment, fixtures and vehicles	28	6	6	43	0	0	4	0	30	49
Assets under construction	8	0	80	2,240	0	0	0	5	88	2,235
Property, plant and equipment	7,564	4,524	534	2,663	0	0	631	582	7,467	6,605
Total	7,695	4,579	558	2,664	1,803	0	631	582	9,425	6,661

*Impairment of capitalised goodwill due to transformation of MOL Ro Comert Srl.

9. Revision of estimated useful life of intangible assets and property, plant and equipment

HUF million

Description	Gross book value	Depreciation of 2007		Profit and loss effect	Effect on non-current assets' value
		Without revision	As a result of the revision		
Intellectual property	1,479	343	150	193	193
Intangible assets	1,479	343	150	193	193
From which: effect of Accounting Policy change	1,374	307	138	169	169
Land and building and related property rights	12,471	743	573	170	170
Plant, machinery and vehicles	35,280	4,328	2,506	1,822	1,822
Other equipment, fixtures and vehicles	2,588	626	330	296	296
Property, plant and equipment	50,339	5,697	3,409	2,288	2,288
From which: effect of Accounting Policy change	6,501	1,152	528	624	624
Total	51,818	6,040	3,559	2,481	2,481

(See: Depreciation policy, point 3.4.3., remarks about the annual review of economical useful life.)

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10. Effect of Depreciation Policy change

HUF million

<i>Description</i>	<i>Gross book value</i>	<i>Depreciation of 2007</i>		<i>Effect on profit</i>	<i>Effect on balance sheet</i>
		<i>Based on old economical useful life</i>	<i>Based on new economical useful life</i>		
Property rights	163	54	33	21	21
Intellectual property	837	124	74	50	50
Intangible assets	1,000	178	107	71	71
Plant, machinery and vehicles	1,199	287	172	115	115
Other equipment, fixtures and vehicles	1,411	130	82	48	48
Property, plant and equipment	2,610	417	254	163	163
Total	3.610	595	361	234	234

Depreciation policy change is caused by the increase of economical useful life of information technology assets and software applications (for more information see point 3.4.3)

11. Property, plant and equipment used for environmental protection

Gross book value

HUF million

<i>Movements</i>	<i>Land and building and related property rights</i>	<i>Plant, machinery and vehicles</i>	<i>Other equipment, fixtures and vehicles</i>	<i>Assets under construction and related advances</i>	<i>Total property, plant and equipment</i>
<i>Opening balance 01.01.2006</i>	15,769	3,633	975	736	21,113
Increase due to capital expenditure	0	0	0	117	117
Capitalisation	625	186	14	(825)	0
Increase due to reclassification	105	4	0	492	601
Decrease due to scrapping, damages and shortages	(4)	(18)	(4)	0	(26)
Decrease due to reclassification	0	0	0	(176)	(176)
<i>Closing balance 31.12.2006</i>	16,495	3,805	985	344	21,629
Increase due to capital expenditure	0	0	0	2,685	2,685
Capitalisation	77	213	0	(290)	0
Increase due to reclassification	0	0	0	249	249
Decrease due to scrapping, damages and shortages	(9)	(5)	0	0	(14)
Decrease due to reclassification	0	0	0	(1,528)	(1,528)
<i>Closing balance 31.12.2007</i>	16,563	4,013	985	1,460	23,021

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Depreciation					HUF million
<i>Movements</i>	Land and building and related property rights	Plant, machinery and vehicles	Other equipment, fixtures and vehicles	Assets under construction and related advances	<i>Total property, plant and equipment</i>
<i>Opening balance 01.01.2006</i>	3,900	1,537	614	0	6,051
Increase of depreciation	836	509	81	0	1,426
Increase of impairment based on market valuation	35	4	0	0	39
Increase of impairment due to scrapping, damages and shortages	2	0	0	0	2
Increase due to reclassification	8	4	0	0	12
Decrease due to scrapping, damages and shortages	(4)	(18)	(4)	0	(26)
<i>Closing balance 31.12.2006</i>	4,777	2,036	691	0	7,504
Increase of depreciation	843	426	72	0	1,341
Increase of impairment due to scrapping, damages and shortages	1	1	0	0	2
Decrease due to scrapping, damages and shortages	(9)	(5)	0	0	(14)
<i>Closing balance 31.12.2007</i>	5,612	2,458	763	0	8,833
<i>Net book value as of 31 December 2006</i>	11,718	1,769	294	344	14,125
<i>Net book value as of 31 December 2007</i>	10,951	1,555	222	1,460	14,188

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12. Research and development

HUF million

<i>Research and development areas</i>	<i>2006</i>			<i>2007</i>		
	<i>Expenditure in current year</i>	<i>Of the expenditure</i>		<i>Expenditure in current year</i>	<i>Of the expenditure</i>	
		<i>capitalised</i>	<i>accounted as cost</i>		<i>capitalised</i>	<i>accounted as cost</i>
Domestic CH exploration	8,877	0	8,877	7,471	0	7,471
Foreign CH exploration	1,167	0	1,167	1,230	0	1,230
Technology and asset development	518	131	387	693	490	203
Product development	120	0	120	117	0	117
Environmental protection	0	0	0	4	0	4
Other (studies)	42	0	42	80	73	7
<i>Total</i>	<i>10,724</i>	<i>131</i>	<i>10,593</i>	<i>9,595</i>	<i>563</i>	<i>9,032</i>

13. Hazardous waste (not audited)

Rounded to tons

<i>EWC code category</i>	<i>Title of hazardous waste group</i>	<i>2006</i>	<i>2007</i>
05.01.	Waste originating from crude oil refining (sludge, acidic resin, bitumen, coke, paraffin pressed earth)	8	10
13.02.	Engine, driving unit and lubricating oil waste (spent oil)	1,871	1,210
13.05.	Waste from oil and water separators (oil separation sludge)	53	0
13.07	Waste from liquid fuel	1	33
15.01.	Packaging waste	3	4
15.02.	Absorbents, filtering materials, wiping rags and protective clothing (contaminated with spent oil)	7	4
16.03.	Organic waste containing hazardous materials	1	1
16.07.	Waste from transport and storage tanks and from barrel cleaning	10	0
16.11	Waste from welt and fireproof materials	0	28
17.01	Cement, brick, tile and ceramic	0	10
17.04.	Metals (contaminated with spent oil)	1	0
17.05.	Earth, stones and refuse waste (contaminated with spent oil)	15	34
17.06	Construction materials containing insulation materials and asbestos	1	1
19.08.	Waste originating from sewage treatment plans	356	321
20.01.	Separately collected waste (battery, dry battery, electronic waste)	10	0

The classification of hazardous waste and assignment of individual waste types and categories to codes are regulated in compliance with EU norms. There is no record keeping in amount in connection with the quantity of hazardous waste materials.

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14. Investments

14.1. MOL Nyrt.'s subsidiaries, classified as long-term investments

HUF million

ID	Name of the Company	2006				2007			
		Share %	Gross book value	Accumulated impairment and reversal	Net book value	Share %	Gross book value	Accumulated impairment and reversal	Net book value
1.	Slovaft a.s. Bratislava, V. Hrdlo, 82017.	98.41	267,212	0	267,212	98.41	275,619	0	275,619
2.	TVK Nyrt. Tiszaújváros, Gyári út Ipartelep	44.55	59,540	0	59,540	86.79	120,263	0	120,263
3.	Italiana Energia e Servizi S.p.A. Olaszország, Genova, Via di Sottoripa 1/A	-	-	-	-	100.00	89,670	0	89,670
4.	FGSZ Földgázszállító Zrt. (MOL Földgázszállító Zrt.) Siófok, Tanácsház u. 5.	100.00	65,964	0	65,964	100.00	65,964	0	65,964
5.	MOL Romania PP Srl. Bukarest, I.4.th Champineu s.	100.00	28,702	0	28,702	100.00	27,041	0	27,041
6.	Intermol d.o.o. Beograd, Hadzi Milentijeva 33.	100.00	9,172	559	8,613	100.00	12,681	1,432	11,249
7.	Roth Heizöle GmbH. Graz, Hötzendorf Str. 160.	74.99	5,677	0	5,677	74.99	5,700	0	5,700
8.	MOL Slovenija d.o.o. Lendva, Partizan u. 61.	100.00	4,145	221	3,924	100.00	4,174	5	4,169
9.	Petrolszolg Kft. Tiszaújváros, Mezőcsáti út*	100.00	5,243	1,549	3,694	100.00	5,126	1,426	3,700
10.	TIFON d.o.o Zágráb, Marticeva 65.	-	-	-	-	100.00	3,580	0	3,580
11.	MMBF Földgáztároló Zrt. (MSZKSZ Zrt.) Budapest, Budafoki út 79. **	-	-	-	-	62.00	3,000	0	3,000
12.	MOL-LUB Kft. Almásfűzitő, Fő út 21.	100.00	2,603	713	1,890	100.00	2,603	0	2,603
13.	Geofizikai Szolgáltató Kft. Budapest, Szántófield u. 7-9.	100.00	1,890	0	1,890	100.00	1,890	0	1,890
14.	MOL CIS Ltd Nicosia, Dervis-Flo.st C.Th.6.	99.99	2,079	0	2,079	99.99	1,873	0	1,873
15.	Terméktároló Zrt. Budapest, Andor u. 47-49.	74.07	1,200	0	1,200	74.07	1,200	0	1,200
16.	Geoinform Kft. Szolnok, Kőrösi út 43.	100.00	1,125	0	1,125	100.00	1,125	0	1,125
17.	MOL Trade Zrt. Budapest, Benczúr u. 13.	100.00	840	0	840	100.00	840	0	840
18.	Hawasina GmbH. 6300 Zug, Bahnhofstr. 21. Switzerland	100.00	250	250	0	100.00	1,483	661	822
19.	USI Ltd Nicosia, Florinis st.11. Cyprus	100.00	1	0	1	100.00	769	0	769
20.	MOL Trans Kft. Budapest, Petróleumk. u. 5-7.	100.00	619	0	619	100.00	619	0	619
21.	MOL Pakistan Ltd	100.00	496	0	496	100.00	447	0	447

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ID	Name of the Company	2006				2007			
		Share %	Gross book value	Accumulated impairment and reversal	Net book value	Share %	Gross book value	Accumulated impairment and reversal	Net book value
	Amszterdam, Herengrac. 548.								
22.	MOL Agram d.o.o. Zágráb, Boskovicava 23/a.II.	100.00	1,140	963	177	100.00	1,141	963	178
23.	MOL Austria GmbH. Bécs, Gartenbaupromenad. 2.	100.00	140	8	132	100.00	143	0	143
24.	MK Mineralkontor GmbH. München, Otto Strasse 5.	74.00	147	112	35	100.00	222	112	110
25.	Lamorak Enterprises Ltd (MOL Tunisia Ltd) Nicosia, Dervis-Flo.st. C.Th.6.	99.99	2,560	2,445	115	99.99	2,549	2,445	104
26.	BHM Oil Invest Ltd Nicosia, Dervis-Flo.st.C.Th.6.	99.99	2,023	1,831	192	99.99	91	11	80
27.	MOL Reinsurance Ltd Nicosia,A.Makarias III.Avenue	99.00	85	0	85	99.00	77	0	77
28.	MOL Energiakereskedő Kft. Budapest, Október huszonharmadika u. 18.	-	-	-	-	100.00	50	0	50
29.	MOL RUSS Ltd 115054 Moscow, Kosmodamianskaya nab., d. 52. str. 3.	100.00	47	0	47	100.00	46	0	46
30.	HEXAN Kft. Százhalombatta, lpartelep hrsz:2704/1	100.00	25	0	25	100.00	25	0	25
31.	Alfagas Kft. Záhony, Vasút u. 2.	60.00	186	163	23	60.00	186	163	23
32.	E.M.S Management Ltd Nicosia, Dervis-Flo.st.C.Th.6.	99.99	16	0	16	99.99	14	0	14
33.	MOL North-Africa Ltd 7, St. Frederick Street, Valletta, Malta	100.00	2	0	2	100.00	11	0	11
34.	Hermész Kft. Szolnok, Mészáros L u. 2.	98.18	5	0	5	98.18	5	0	5
35.	Ménrót Kft. Szolnok, Mészáros L u. 2.	98.18	5	0	5	98.18	5	0	5
36.	MH Oil and Gas (Manual) Amsterdam, Herengracht 548.	100.00	5	0	5	100.00	5	0	5
37.	MK Oil and Gas BV Amsterdam, Herengracht 548.	100.00	5	0	5	100.00	5	0	5
38.	Pyrogol Ltd Nicosia , Florinis st.11. Cyprus	-	-	-	-	99.99	3	0	3
39.	Platounko Investments Ltd Nicosia, Florinis st.11. Cyprus	-	-	-	-	99.99	3	0	3
40.	Bravoum Investments Ltd Nicosia, Florinis st.11. Cyprus	-	-	-	-	99.99	3	0	3
41.	Pronodar Ltd Nicosia, Florinis st.11. Cyprus	-	-	-	-	99.99	3	0	3
42.	Kalegran Ltd Nicosia, Florinis st.11. Cyprus	-	-	-	-	99.99	3	0	3
43.	BMN Investment Ltd Nicosia, Florinis st.11. Cyprus	-	-	-	-	100.00	3	0	3

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ID	Name of the Company	2006				2007			
		Share %	Gross book value	Accumulated impairment and reversal	Net book value	Share %	Gross book value	Accumulated impairment and reversal	Net book value
44.	Greentrade Ltd Nicosia, Florinis st.11. Cyprus	100.00	1	0	1	100.00	1	0	1
45.	Dunai Gőzfejlesztő Kft. Százhalombatta, Olajmunkás út 2.	-	-	-	-	100.00	1	0	1
46.	MOL Yemen Ltd Limassol, Nic.Penta.Cent.908.	99.99	16,699	14,906	1,793	99.99	19,845	19,845	0
47.	MOL Syria Ltd Amszterdam, P.O. box 990.	100.00	5,084	5,084	0	100.00	5,084	5,084	0
48.	SHM Seven Ltd Nicosia, Dervis-Flo.st.C.Th.6.	99.99	3,157	3,157	0	99.99	3,157	3,157	0
49.	UBA Services Ltd Nicosia, Dervis-Flo.st.C.Th.6.	99.99	383	383	0	99.99	383	383	0
50.	MOL Caspian Ltd Limassol, Nic.Penta.Cent.908.	99.99	12	12	0	99.99	12	12	0
51.	RUSI Services Ltd Ciprus, Nicosia	99.99	0	0	0	99.99	0	0	0
	Total		488,485	32,356	456,129		658,743	35,699	623,044

*At the time of the financial statement preparation for the year 2006 the final transformation asset and liability statement of Petrolszolg Kft. was not available. The gross value data of 2006 is presented as the value based on draft assets and liability statement while the gross value of 2007 is the data which is included in the final asset and liability statement.

**MOL Nyrt., on 31 December 2007 made increase of capital with the amount of HUF 6.020 million, and it was financially settled. The Registry Court registered the capital increase on 4 February 2008 and following that the influence of MOL Nyrt. increased to 66,3%.

The equity participation and voting rights are the same in all companies contained in the table except Alfagas Zrt., where the 60% equity participation provides 50% voting rights to MOL Nyrt., TVK Nyrt., where 86.79% direct participation in the Company provides 94.85% votes due to 8.06% equity participation of Slovnaft a.s., as well as MOL Reinsurance Ltd, where the 99% direct equity participation of the Company provides 100% votes based on the 1% participation of SHM Seven Ltd

Acquisitions and companies founded in 2007: MMBF Földgáztároló Zrt., MOL Energiakereskedő Zrt., Pyrogol Ltd, Platounko Investments Ltd, Bravorum Investments Ltd, Pronodar Ltd, Kalegran Ltd, BMN Investments Ltd, Tifon d.o.o., Dunai Gőzfejlesztő Kft., Italiana Energia e Servizi S.p.A.

Long-term investments not fully consolidated: MOL Agram d.o.o., Alfagas Kft., Ménrót Kft., Hexán Kft., Dunai Gőzfejlesztő Kft., MH Oil and Gas., Pyrogol Ltd, Platounko Investments Ltd, Bravorum Investments Ltd, Pronodar Ltd, BMN Investments Ltd.

MOL Agram d.o.o. is under liquidation and sold its filling stations to INA d.d.

Core activities of subsidiaries: 1. Slovnaft a.s.: crude oil refining, oil product transportation, storage, retail and wholesale, 2. TVK Nyrt.: petrochemical, 3. Italiana Energia e Servizi S.p.A.: crude oil refining, wholesale and retail trade 4. MOL Földgázszállító Zrt.: natural gas transmission 5. MOL Romania PP Srl.: fuel and lubricant retail, 6. Intermol d.o.o.: fuel retail, 7. Roth Heizöle GmbH.: trading of oil products, 8. MOL Slovenija d.o.o.: trade of crude oil products, 9. Petrolszolg Kft.: maintenance services, 10. Tifon d.o.o.: retail and wholesale, storage, transportation, 11. MMBF Zrt.: storage, transportation, crude oil and natural gas production, 12. MOL-LUB Kft.:

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production and trade of lubricants, 13. Geofizikai Szolgáltató Kft.: geophysical surveying and data processing, 14. MOL CIS Ltd: exploration and production of oil and natural gas reserves abroad, 15. Terméktároló Zrt.: storage of strategic inventories, 15. MOL Trade Zrt.: trade of energy products, 16. Geoinform Kft.: Hydrocarbon drilling exploration, geophysical services, 17. MOL Trade Zrt.: trade of energy products, 18. Hawasina GmbH: exploration and production of oil and natural gas reserves abroad, 19. USI Ltd: exploration and production of oil and natural gas, 20. MOL Trans Kft.: transportation of crude oil product, 21. MOL Pakistan Ltd: exploration and production of oil and natural gas reserves abroad, 22. MOL Agram d.o.o.: trade of crude oil products, 23. MOL Austria GmbH: wholesale of lubricants and crude oil derivatives, 24. Mineralkontor GmbH: trade of raw materials and crude oil products, 25. Lamorak Enterprises Ltd: exploration and production of oil and natural gas reserves abroad, 26. BHM Oil Invest Ltd: trading of oil products, 27. MOL Reinsurance Ltd: reinsurance, 28. MOL Energiakereskedő Kft.: gas allocation, 29. MOL RUSS Ltd: management services, 30. HEXAN Kft.: refinery, fabrication of other organic chemical feedstock, 31. Alfagas Kft.: export and import of crude oil, natural gas and chemicals, 32. EMS Management Services Ltd: management services, 33. North-Africa Ltd: exploration and production of oil and natural gas reserves abroad, 34. Hermész Kft.: engineering, consultation and wholesale, 35. Ménrót Kft.: technical and business consultation, 36. MH Oil and Gas (manual): exploration, operation is temporarily abandoned, 37. MK Oil and Gas BV: exploration, operation is temporarily abandoned, 38. Pyrogol Ltd: crude oil and natural gas production and exploration, 39. Platounko Investments Ltd: crude oil and natural gas production and exploration, 40. Bravoum Investments Ltd: crude oil and natural gas production and exploration, 41. Pronodar Ltd: crude oil and natural gas production and exploration, 42. Kalegran Ltd: crude oil and natural gas production and exploration, 43. BMN Investment Ltd: crude oil and natural gas production and exploration, 44. Greentrade Ltd: crude oil and natural production and exploration, 45. Dunai Gőzfejlesztő Kft.: steam and hot water supply, electricity production, 46. MOL Yemen Ltd: exploration of oil and natural gas reserves abroad, 47. MOL Syria Ltd: exploration and production of oil and natural gas reserves abroad, 48. SHM Seven: exploration and production of oil and natural gas reserves abroad, 49. UBA Services Ltd: management services, 50. MOL Caspian Ltd: crude oil and gas exploration and production, 51. RUSI Services Ltd: exploration and production of oil and natural gas reserves,

14.2. MOL Nyrt.'s joint venture, classified as long-term investment

HUF million

ID	Name of company	2006				2007			
		Share %	Gross book value	Accumulated impairment and reversal	Net book value	Share %	Gross book value	Accumulated impairment and reversal	Net book value
1.	SEP Company Kft. 1117 Bp, Október huszonharmadika u, 18,	50	15	0	15	50	15	15	0
	Total		15	0	15		15	15	0

Aim of the company is to increase transport of natural gas, to determine possibility and method of creation underground gas storages. Core activity: business consultancy.

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14.3. MOL Nyrt.'s associated companies, classified as long-term investments

HUF million

ID	Name of the Company	2006				2007			
		Share %	Gross book value	Accumulated impairment and reversal	Net book value	Share %	Gross book value	Accumulated impairment and reversal	Net book value
1.	INA d.d. Zágráb, Avenija Veceslova 10.	25.00	115,829	0	115,829	25.00	116,673	0	116,673
2.	ENERGOPETROL d.d. Sarajevo Sarajevo, Marsala Tita Street 36	-	-	-	-	33.50	4,597	0	4,597
3.	Rossi Biofuel Zrt. Komárom, Kőolaj u. 2.	-	-	-	-	25.00	350	0	350
4.	Messer MOL Gáz Kft. Budapest, Váci u. 17.	25.00	87	1	86	25.00	87	1	86
5.	TURBO Team Kft. Beregdaróc, 4934.	25.00	37	0	37	25.00	37	0	37
6.	NABUCCO Gas Pipeline Wien, Floridsdorfer Hauptstraße 1.	20.00	2	0	2	20.00	2	0	2
7.	Tűzoltó Műszaki és Mentő Kft. Tiszaújváros, Tűzoltó u. 1.	30.00	1	0	1	30.00	1	0	1
8.	TOP Finance Kft. 1039 Budapest, Batthyány u. 45.	26.00	1	0	1	26.00	1	0	1
	Total		115,957	1	115,956		121,748	1	121,747

The equity share and voting rights are identical in the case of INA, while in TURBO Team Kft. the 25% equity share provides 25% + 1 vote to MOL Nyrt.

On 28 February 2007 MOL and INA consortium signed a contract with the government of Bosnia and Herzegovina to jointly become 67% owner of Energopetrol through capital increase. Core activity of the company: petrol station operation.

MOL acquired 25% plus one share in Rossi Biofuel ZRt. from Rossi Beteiligungs Ltd via a capital increase issued at nominal value after the approval on 19 April 2007. The core activity of the entity is a bio-diesel component production. MOL participation in Rossi Biofuel Zrt. is 25% plus one share and in addition, MOL has a call option to acquire a further 24% shareholding.

14.4. Shareholders' equity of MOL Nyrt.'s subsidiaries and certain key investments

Unaudited data for informational purposes

HUF million

ID	Name of the Company	Shareholders' equity	Share capital	Reserves	Net income for 2007
1.	Slovnaft a.s.*	384,786	155,514	172,104	57,168
2.	TVK Nyrt.	157,642	24,534	109,424	23,684
3.	Italiana Energia e Servizi S.p.A.*	44,072	6,334	38,167	(429)
4.	MOL Földgázszállító Zrt.	93,191	13,209	61,395	18,587
5.	MOL Romania PP Srl.	36,822	17,028	15,362	4,432

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<i>ID</i>	<i>Name of the Company</i>	<i>Shareholders' equity</i>	<i>Share capital</i>	<i>Reserves</i>	<i>Net income for 2007</i>
6.	Intermol d.o.o.	11,212	12,703	(644)	(847)
7.	Roth Heizöle GmbH.	515	9	(14)	520
8.	TIFON d.o.o.	223	269	510	(556)
9.	MOL Slovenija d.o.o.	4,121	4,169	(112)	64
10.	Petrolszolg Kft.	3,620	989	2,585	46
11.	MMBF Zrt.	561	1,000	(91)	(348)
12.	MOL-LUB Kft.	2,167	2,603	(773)	337
13.	Geofizikai Szolgáltató Kft.	3,731	1,890	316	1,525
14.	MOL CIS Ltd	35,727	25	20,369	15,333
15.	Terméktároló Zrt.	2,941	1,620	6	1,315
16.	Geoinform Kft.	1,735	1,125	357	253
17.	Hawasina GmbH.	816	226	946	(356)
18.	MOL Trade Zrt.	2,514	1,577	667	270
19.	USI Ltd	(1,302)	2	1,109	(2,413)
20.	MOL Trans Kft.	610	619	(97)	88
21.	MOL Pakistan Ltd	1,390	103	434	853
22.	MOL Austria GmbH.	605	92	18	495
23.	MK Mineralkontor GmbH.	105	13	0	92
24.	Lamorak Enterprises Ltd	96	802	(698)	(8)
25.	MOL Yemen Ltd	(195)	506	4,634	(5,335)
26.	BHM Oil Invest Ltd	3,352	37	2,055	1,260
27.	MOL Reinsurance Ltd	2,618	396	1,041	1,181
28.	MOL Energiakereskedő Kft.	694	50	(3)	647
29.	MOL RUSS d.o.o.	135	130	2	3
30.	Hexán Kft.	13	7	14	(8)
31.	Alfagas Kft.	44	10	27	7
32.	E.M.S Management Ltd	827	4	486	337
33.	Hermész Kft.	44	6	36	2
34.	Ménrót Kft.	5	5	0	0
35.	MH Oil and Gas	5	5	0	0
36.	MK Oil and Gas BV	5	5	0	0
37.	Kalegran Ltd	4,433	1	4,421	11
38.	Greentrade Ltd	(1,550)	1	376	(1,927)
39.	MOL Syria Ltd	(717)	1,695	(2,394)	(18)
40.	SHM Seven Ltd	(706)	527	(442)	(791)
41.	UBA Services Ltd	(5)	269	(223)	(51)
42.	MOL Caspian Ltd	(6,471)	(7)	(5,232)	(1,232)
43.	RUSI Services Ltd	50	42	12	(4)
44.	Balatongáz Kft.	(336)	50	(409)	23
	Related parties				
45.	INA d.d,**	470,910	311,220	134,550	25,140
46.	ROSSI Biofuel Zrt.	259	350	(27)	(64)

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*Minority interest is presented under reserves.

**Items of 30 September 2007.

The Company does not have information at the balance sheet preparation date concerning the following companies: MOL Agram d.o.o., MOL North Africa., Pyrogol Ltd, Platounko Investments Ltd, Bravoum Investments Ltd, Pronodar Ltd, Dunai Gőzfejlesztő Kft., Egerfém Kft.

Companies having registered seat in Hungary are presented according to Hungarian Accounting Act and companies with registered seat in abroad are presented according to IFRS.

14.5. MOL Nyrt.'s other investments, classified as long-term investments

HUF million

ID	Name of the Company	2006				2007			
		Share %	Gross book value	Accumulated impairment and reversal	Net book value	Share %	Gross book value	Accumulated impairment and reversal	Net book value
1.	II, Nemzetközi Gazdaság Fejlesztő Közhasznú Társ, Budapest, Lajos u, 160-162,	11.49	1	0	1	11.49	1	0	1
2.	Budapesti Értéktőzsde Zrt. Budapest Andrássy út 93.	-	-	-	-	2.18	431	0	431
	Total		1	0	1		432	0	432

A share trading transaction took place on 12 December 2007 for MOL Nyrt., as shareholder, where 118,144 number of shares were registered into the share register of the Budapesti Értéktőzsde Zrt., and this equals with 2.18% ownership in the Company.

The equity share and voting rights are identical in the case of the given company.

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14.6. Impairment of long-term investments and its reversal

HUF million

<i>Description</i>	<i>Subsidiaries</i>	<i>Associated companies</i>	<i>Joint venture companies</i>	<i>Other investments</i>	<i>Total</i>
<i>Closing gross balance of 2006</i>	488,485	115,957	15	1	604,458
<i>Closing gross balance of 2007</i>	658,743	121,748	15	432	780,938
<i>Opening impairment balance of 2006</i>	30,627	0	0	0	30,627
Increase of impairment	1,892	1	0	0	1,893
Reversal of impairment	(163)	0	0	0	(163)
<i>Closing impairment balance of 2006</i>	32,356	1	0	0	32,357
Increase of impairment*	6,222	0	15	0	6,237
Decrease of impairment due to decrease of investment**	(1,938)	0	0	0	(1,938)
Reversal of impairment***	(1,139)	0	0	0	(1,139)
Decrease of reversal of impairment due to decrease of investment**	198	0	0	0	198
<i>Closing impairment balance of 2007</i>	35,699	1	15	0	35,715
<i>Closing net balance of 2006</i>	456,129	115,956	15	1	572,101
<i>Closing net balance of 2007</i>	623,044	121,747	0	432	745,223

*Impairment was recorded for the following investments in subsidiaries: MOL Yemen Ltd HUF 4,938 million, Intermol d.o.o. HUF 873 million, Hawasina GmbH. HUF 411 million.

**Decrease of impairment and reversal of impairment due to the BHM Oil Invest Ltd divestment.

***The reversal of impairment was recorded for the following investments in subsidiaries: MOL-LUB Kft. HUF 714 million, MOL Slovenia d.o.o. HUF 216 million, Petroszolg Kft. HUF 122 million, BHM Oil Invest Ltd HUF 79 million, MOL Austria GmbH HUF 8 million.

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15. Details of long-term loans to related parties

HUF million

<i>Long-term loans</i>	<i>2006</i>	<i>2007</i>
<i>HUF loans to related parties</i>	0	0
FX loans disbursed in USD	41,589	0
FX loans disbursed in EUR	37,845	15,671
FX loans disbursed in PLN	4,410	5,972
<i>FX loans to related parties</i>	83,844	21,643
<i>Total long-term loans to related parties</i>	83,844	21,643

In year 2006 and 2007 Company granted loans solely to subsidiaries.

16. Impairment on long-term loans

HUF million

<i>Description</i>	<i>Long-term loans to related parties</i>	<i>Long-term loans to other investments</i>	<i>Other long-term loans</i>	<i>Total</i>
<i>Gross book value as of 31 december 2006</i>	83,844	0	667	84,511
<i>Gross book value as of 31 december 2007</i>	22,436	0	608	23,044
<i>Opening balance of impairment 2006</i>	0	0	501	501
Increase of impairment	0	0	0	0
Decrease of impairment	0	0	0	0
<i>Closing balance of impairment 2006</i>	0	0	501	501
Increase of impairment*	793	0	0	793
Decrease of impairment	0	0	0	0
<i>Closing balance of impairment 2007</i>	793	0	501	1,294
<i>Net book value as of 31 December 2006</i>	83,844	0	166	84,010
<i>Net book value as of 31 December 2007</i>	21,643	0	107	21,750

*Impairment was recognised for loan given to Intermol d.o.o.

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17. Inventories

17.1. Inventories

HUF million

<i>Description</i>	<i>2006</i>	<i>2007</i>
Materials	32,734	54,762
Of which: purchased crude oil	17,163	29,516
Unfinished production and semi-finished products	36,581	47,551
Finished products	30,914	45,355
Commodities*	10,014	15,675
Advances on stocks	123	0
Total	110,366	163,343

*The Company accounts emission rights among commodities.

17.2. Effect of product costing method change

HUF million

Description	Mining products with		Refinery products with		Effect on balance sheet	Effect on profit
	previous	new	previous	new		
	product costing method		product costing method			
Finished products	45	48	41,672	41,416	(253)	(253)
Unfinished production and semi-finished products	2,939	3,848	41,637	42,832	2,104	2,104
Total	2,984	3,896	83,309	84,248	1,851	1,851

The table shows effect of new product costing method implemented in 2007 on the Company's balance sheet and income statement. (See further information in point 3.4.1.)

17.3. Emission rights in 2007

HUF million

Description	Quantity (unit)	Value in HUF million
Closing balance of emission rights received free of charge 31.12.2006	1,743,143	1,869
Emission rights received in 2007	1,663,907	416
Return in 2006	(1,628,768)	(1,747)
Impairment accounted for emission rights received free of charge in 2007*	-	(529)
Closing balance 31.12.2007	1,778,282	9

*The weighted average price of emission rights in stocks was HUF 302.59 at 31 December 2007, while the market price used for impairment calculation was HUF 5.07/unit at the balance sheet preparation date.

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18. Non-current assets disposable within a year, reclassified to inventories

HUF million

<i>Non-current assets</i>	<i>Gross book value</i>	<i>Accumulated depreciation</i>	<i>Accumulated impairment</i>	<i>Reversal of impairment</i>	<i>Net book value</i>
Land and building and related property rights	7,343	4,707	160	0	2,476
Plant, machinery and vehicles	59	9	0	0	50
Total reclassification in 2006	7,402	4,716	160	0	2,526

HUF million

<i>Non-current assets</i>	<i>Gross book value</i>	<i>Accumulated depreciation</i>	<i>Accumulated impairment</i>	<i>Reversal of impairment</i>	<i>Net book value</i>
Land and building and related property rights	12,814	8,297	160	0	4,357
Plant, machinery and vehicles	1,917	1,774	6	0	137
Total reclassification in 2007	14,731	10,071	166	0	4,494

The Company reclassifies those property, plant and equipment to commodities, of which the original intention of use has changed (disposable within a year).

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19. Write-off of inventories

HUF million

<i>Description</i>	<i>Materials</i>	<i>Unfinished production and semi-finished products</i>	<i>Finished products</i>	<i>Commodities</i>	<i>Advances on stocks</i>	<i>Total inventories</i>
Opening balance of 2006	9	0	0	0	0	9
Increase of write-off*	0	0	0	7,427	0	7,427
Decrease of write-off	(4)	0	0	0	0	(4)
Closing balance of 2006	5	0	0	7,427	0	7,432
Increase of write-off*	0	0	0	529	0	529
Decrease of write-off**	0	0	0	(6,961)	0	(6,961)
Closing balance of 2007	5	0	0	995	0	1,000

*Write-off of inventories includes write-off relating to emission rights (HUF 7,283 million in 2006 and HUF 529 million in 2007).

**The write-off decreased due to the amount of write-off (HUF 6,817 million) related to decrease of emission rights.

20. Receivables from the supply of goods and services (trade receivables)

HUF million

<i>Description of receivables</i>	<i>2006</i>	<i>2007</i>
Domestic receivables	66,782	71,215
Foreign receivables	9,049	8,373
<i>Total receivables from the supply of goods and services</i>	<i>75,831</i>	<i>79,588</i>

21. Receivables from related parties

HUF million

<i>Description of receivables</i>	<i>2006</i>	<i>2007</i>
Receivables from subsidiaries	187,934	308,499
Receivables from short-term lending of cash and cash equivalent*	136,855	216,594
Receivables from the supply of goods and services	41,389	76,669
Purchased receivables	9,690	15,236
Receivables from joint ventures	0	465
Receivables from the supply of goods and services	0	465
Receivables from associated companies	7,136	289
Receivables from the supply of goods and services	7,136	289
Total	195,070	309,253

*In the increase of the short-term loans, the loan given to the Greentrade Ltd (USD 109.1 million) and the loan given to Tifon d.o.o. acquired in October 2007 (EUR 88.8 million) played essential role.

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22. Other receivables

HUF million

<i>Description of receivables</i>	<i>2006</i>	<i>2007</i>
Book value of lent treasury shares	0	426,568
Value of option*	96,150	93,825
Value of not registered investments	0	10,781
Tax to be refunded	4,158	2,807
Purchased and received receivables	2,027	2,725
Receivable from price correction concerning MOL Földgázellátó Zrt. sale	0	836
VAT charged by foreign suppliers	582	521
Settlement with Magyar Szénhidrogén Készletező Szövetség	0	457
Advances on services	267	376
Receivables from employees	140	129
Other	216	409
Total	103,540	539,434

*Slovbena-Slovintegra (SBSI) shareholder group sold its all 'A' and 'C' series of MOL shares. The purchase option was not directly exercised by MOL Nyrt., it was exercised through BNP Paribas SA that purchased 7,552,874 series A shares from SBSI. BNP Paribas SA ("BNP") and MOL signed an agreement on 10 April 2006 regarding Series "A" Ordinary Shares of MOL. According to the agreement, MOL sold 1,404,217 Series "A" Ordinary Shares of MOL to BNP. Following completion of the transaction, MOL received a call option on the shares, with an expiration date of 18 December 2006 which was extended at first by 1 year. According to the agreement signed on 13 December 2007, the option rights concerning MOL shares owned by BNP were extended until 18 June 2009.

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23. Valuation of receivables

Historical cost

HUF million

Description	Trade receivables	Receivables from related parties	Receivables from other investments	Receivables from bills of exchange	Other receivables	Derivative transactions	Total receivables
Closing balance as of 31.12.2006	77,056	204,516	1,906	0	104,149	21,842	409,469
Of which: receivables impaired	1,865	12,724	0	0	638	0	15,227
Closing balance as of 31.12.2007	80,970	322,114	3,272	0	552,800	57,146	1,016,302
Of which: receivables impaired	1,918	19,408	0	0	250,816	0	272,142

Impairment

HUF million

Description	Trade receivables	Receivables from related parties	Receivables from other investments	Receivables from bills of exchange	Other receivables	Derivative transactions	Total receivables
Opening balance as of 01.01.2006	1,405	6,290	0	0	610	0	8,305
Impairment recognised in the current period	856	5,967	0	0	41	0	6,864
Decrease due to financial settlement	(116)	(2,107)	0	0	(13)	0	(2,236)
Decrease due to written-off receivables	(139)	(447)	0	0	(17)	0	(603)
Decrease due to sale of receivables	(87)	0	0	0	(9)	0	(96)
Closing balance as of 31.12.2006	1,919	9,703	0	0	612	0	12,234
Impairment recognised in the current period	545	5,400	0	0	13,030*	0	18,975
Decrease due to financial settlement	(138)	(1,985)	0	0	(17)	0	(2,140)
Decrease due to written-off receivables	(165)	0	0	0	(256)	0	(421)
Decrease due to sale of receivables	(70)	0	0	0	0	0	(70)
Closing balance as of 31.12.2007	2,091	13,118	0	0	13,369	0	28,578

*From which HUF 12,496 million impairment was recognised due to lend transactions.

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Reversal of impairment

HUF million

Description	Trade receivables	Receivables from related parties	Receivables from other investments	Receivables from bills of exchange	Other receivables	Derivative transactions	Total receivables
Closing balance as of 3.12.2006	694	257	0	0	3	0	954
Reversal of impairment in the period	15	0	0	0	0	0	15
Closing balance as of 31.12.2007	709	257	0	0	3	0	969

Net income for the period ended 31.12.2006	75,831	195,070	1,906	0	103,540	21,842	398,189
Net income for the period ended 31.12.2007	79,588	309,253	3,272	0	539,434	57,146	988,693

24. Short-term investments

24.1. Investments to be sold, liquidated or wound up, classified as short-term investments

HUF million

ID	Name of the Company	2006				2007			
		Share %	Gross book value	Accumulated impairment and revesal	Net book value	Share %	Gross book value	Accumulated impairment and revesal	Net book value
1.	Balatongáz Kft. Balatonakali, Kossuth L u.17.	77.22	505	505	0	77.22	505	505	0
2.	Egerfém Kft. Egerszalók, 081/4 Hrsz: 3394	51.88	25	0	25	51.88	25	0	25
Total divested subsidiaries			530	505	25		530	505	25
1.	Villas Hungária Kft. Zalaegerszeg, Zrínyi u. 6.	38.00	183	6	177	38.00	183	5	178
2.	Algynvest Kft. Algyó, Szeged-Algyó Ipartelep	35.00	83	35	48	35.00	83	83	0
3.	IN-ER Erőmű Kft. Nagykanizsa, Erzsébet tér 22.	30.00	6	0	6	30.00	6	0	6
4.	MAG Kft. Szolnok, Ady u. 26.	25.00	1	1	0	25.00	1	1	0
Total divested associates			273	42	231		273	89	184
Divested investments of related parties			803	547	256		803	594	209
1.	AKA Holding Zrt. Budaörs, Gyár út 2.	1.50	360	0	360	1.50	360	0	360
Divested other investments			360	0	360		360	0	360
Total divested investments			1,163	547	616		1,163	594	569

The equity share and voting rights are identical in case of all companies included in the table.

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24.2. Impairment and reversal of impairment on short-term investments

HUF
million

<i>Description</i>	<i>Subsidiaries</i>	<i>Joint ventures</i>	<i>Associate companies</i>	<i>Other investments</i>	<i>Total</i>
<i>Gross closing balance of 2006</i>	530	0	273	360	1,163
<i>Gross closing balance of 2007</i>	530	0	273	360	1,163
<i>Opening impairment balance of 2006</i>	505	0	43	0	548
Decrease of impairment due to reclassification	0	0	(1)	0	(1)
Reverse of impairment due to reclassification	0	0	0	0	0
<i>Closing impairment balance of 2006</i>	505	0	42	0	547
Decrease of impairment due to reclassification	0	0	0	0	0
Increase of impairment*	0	0	47	0	47
<i>Closing impairment balance of 2007</i>	505	0	89	0	594
<i>Closing net balance of 2006</i>	25	0	231	360	616
<i>Closing net balance of 2007</i>	25	0	184	360	569

*Impairment has been recognized for Algyinvest Kft.

25. Changes of treasury shares in the current year

<i>Description</i>	<i>Number of shares (pcs.)</i>	<i>Book value of shares (HUF million)</i>
Opening balance of treasury shares	10,899,103	237,665
Lent treasury shares*	(19,690,362)	(491,851)
Deposit transfers	(19,053,831)	(439,038)
Impairment of treasury shares	-	(14,930)
Decreases	(38,744,193)	(945,819)
Purchase of treasury shares	17,861,856	508,379
Deposit transfers	19,053,831	439,038
Increases	36,915,687	947,417
Closing total of treasury shares	9,070,597	239,263

*MOL Nyrt. lent 19,690,362 shares held in treasury to OTP Bank Zrt. and to MFB Invest Zrt. in line with its capital optimization program launched on 22 June 2007.

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26. Cash and cash equivalents

HUF million

<i>Description</i>	<i>2006</i>	<i>2007</i>
Cash at filling stations	1,756	907
Other cash in hand, cheques	284	311
Cash in hand, cheques	2,040	1,218
Bank accounts denominated in FX	5,835	25,949
Settlement bank accounts, deposit accounts of sites	4,307	10,219
Other bank accounts	879	1,660
Short-term deposits denominated in HUF and FX*	327,639	273
Bank accounts	338,660	38,101
CASH AND CASH EQUIVALENTS	340,700	39,319

*Cash and cash equivalent decreased in 2007 considerable as a result of treasury share purchase because of the majority of purchase was financed by available cash and cash equivalent.

27. Prepayments, accruals

Details of prepayments

HUF million

<i>Description</i>	<i>2006</i>	<i>2007</i>
Accrued subsequent price adjustment related to the sale of MOL Földgázellátó Zrt. *	0	26,855
Interest received	2,206	2,134
Other deferred income	598	497
Accrued income	2,804	29,486
Deferred loss on treasury shares lent **	0	52,787
Mining royalty***	17,635	15,454
Prepaid rent and lease fee	1,635	1,738
Transaction cost due to sale of treasury shares****	1,610	1,449
Issue of long-term zero coupon bonds	728	647
Wages and salaries, severance pay and related taxes	162	35
Other prepayments	358	258
Prepaid costs and expenses	22,128	72,368
Total	24,932	101,854

*See point 44.

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**In 2007, MOL Nyrt. signed an agreement to lend 8,757,362 shares held in treasury to OTP Bank Zrt. and 10,933,000 shares to MFB Invest Zrt. The difference between the book value and the contract value was deferred.

***On 22 December 2005 the Company signed an agreement with the Ministry of Economy and Transport on the extension of production licences for 12 mining sites until 2010, and on the setting of fix and declining mining royalty rate for the period of the extension and the following 10 years afterwards against a one-off payment of HUF 20 billion. The one-off payment is recognised as cost proportionally to oil and gas production liable to mining royalty during the 15 years period defined by the contract.

****On 13 March 2006 MOL signed a share purchase agreement to sell 6,007,479 Series "A" Ordinary Shares of MOL held in treasury to Magnolia Finance Limited ("Magnolia"). Magnolia announced the sale of up to EUR 610 million of perpetual exchangeable capital securities (the "Capital Securities"), exchangeable into the Series "A" Ordinary Shares of MOL in the predetermined exchange period, to international financial investors. MOL has also, concurrently with the sale, entered into a swap agreement in principle with Magnolia that gives MOL a call option to buy back all or some of the Series "A" Ordinary Shares of MOL, in certain limited circumstances. Transaction cost related to dealings is recorded proportionally until the closing date (2016).

Details of accruals

HUF million

<i>Description</i>	<i>2006</i>	<i>2007</i>
Deferred revenues	5	12
Deferred revenues	5	12
Accrued consideration regarding MOL Földgázellátó Zrt.	37,944	25,000
Accrued personnel expenses	2,698	3,785
Interest payable to non-financial institutions	2,023	2,891
Accrued fee to Strategic Inventory Storage (MSZKSZ)	648	1,047
Accrued expenses of long-term incentive programmes	952	959
Interest payable to financial institutions	0	598
Other accrued costs and expenses	281	648
Accrued costs and expenses	44,546	34,928
Negative goodwill related to acquisition *	0	8,389
Book value of assets received free of charge, found as a surplus, or received as a gift or legacy	2,571	666
<i>From which: deferred emission rights</i>	1,869	9
Grants, benefits and cash received for development purposes	167	127
Other deferred income	2,738	9,182
Total	47,289	44,122

* On 27-28 February 2007 the Company purchased TVK shares representing 42.25% of TVK's share capital. Following the transaction MOL achieved qualified majority in TVK. Negative goodwill related to the transaction was accounted with the amount of HUF 10,086 million, which will be released during the next 5 years.

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28. Changes in equity

HUF million

<i>Description</i>	<i>Share capital</i>	<i>Share premium</i>	<i>Retained earnings</i>	<i>Tied-up reserve</i>	<i>Fair valuation reserve</i>	<i>Net income</i>	<i>Shareholders' equity</i>
Balance as of 01.01.2006	108,985	219,164	332,097	195,336	0	363,807	1,219,389
Increase due to convertible bonds	345	1,595	0	0	0	0	1,940
Transfer of net income for previous year	0	0	363,807	0	0	(363,807)	0
Profit adjustments to previous years	0	0	(551)	0	0	0	(551)
Other decrease and increase in the current year	0	0	1,925	0	0	0	1,925
2006 profit after tax	0	0	0	0	0	295,367	295,367
Dividend payable	0	0	0	0	0	(50,000)	(50,000)
Change of tied-up reserve	0	0	(74,524)	74,524	0	0	0
Balance as of 31.12.2006	109,330	220,759	622,754	269,860	0	245,367	1,468,070
Increase due to convertible bonds*	345	1,595	0	0	0	0	1,940
Transfer of net income of previous year	0	0	245,367	0	0	(245,367)	0
Profit adjustments to previous years	0	0	863	0	0	0	863
Other decrease and increase in the current year	0	0	0	0	0	0	0
2007 profit after tax	0	0	0	0	0	216,671	216,671
Dividend payable	0	0	0	0	0	(85,000)	(85,000)
Change of tied-up reserve	0	0	9,464	(9,464)	0	0	0
Balance as of 31.12.2007	109,675	222,354	878,448	260,396	0	131,671	1,602,544

*MOL Nyrt. issued 345,126 shares to participants within the convertible bond programme (share based incentive scheme for members of the Board of Directors and top managers) on 5 September 2007 in exchange for the 194 bonds, presented by them, at an issue price of HUF 5,621. As a result of the transaction, the share capital of the Company has increased from HUF 109,330 million to HUF 109,675 million.

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29. Breakdown of the tied up reserve

<i>Description</i>	<i>2006</i>	<i>2007</i>	HUF million <i>Change</i>
Repurchase value of treasury shares	237,665	239,263	1,598
Research and development, not written off yet	293	744	451
Other tied-up reserves*	31,902	20,389	(11,513)
<i>Total tied-up items</i>	<i>269,860</i>	<i>260,396</i>	<i>(9,464)</i>

*The Company tied up capital reserve in an amount corresponding to the capitalised field abandonment provision included in the net balance of property, plant and equipment. (Further details are presented in section 3.4.6.)

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30. Provisions

Provisions for contingent liabilities

HUF million

<i>Description</i>	<i>2006</i>					<i>2007</i>				
	<i>Opening balance</i>	<i>Use of provisions</i>	<i>Provision recognised against profit</i>	<i>Provision capitalised against fixed assets</i>	<i>Closing balance</i>	<i>Use of provisions</i>	<i>Provision recognised against profit</i>	<i>Provision capitalised against fixed assets</i>	<i>Closing balance</i>	
Provisions for field abandonment*	81,328	1,208	4,538	(830)	83,828	2,946	3,101	(2,176)	81,807	
Provisions for environmental liabilities**	16,686	4,363	2,908	-	15,231	2,502	2,639	-	15,368	
Provision for performed but not charged subcontractor's services***	0	0	0	-	0	0	8,997	-	8,997	
Provisions for retirement liabilities	1,875	44	313	-	2,144	333	702	-	2,513	
Provision for loyalty bonus	0	0	0	-	0	0	1,813	-	1,813	
Provisions for the unused points on loyalty and multipoint cards	710	195	190	-	705	210	220	-	715	
Provisions for redundancy and early retirement	4,531	3,235	103	-	1,399	856	61	-	604	
Provisions for litigation	192	153	131	-	170	50	39	-	159	
<i>Of which: litigation against related party</i>	80	0	0	-	80	0	0	-	80	
Other provisions	373	66	230	-	537	79	0	-	458	
<i>Total provisions for contingent liabilities</i>	105,695	9,264	8,413	(830)	104,014	6,976	17,572	(2,176)	112,434	

*See section 3.4.6.

**The environmental expenses recognised in 2006 were HUF 3,461 million, and were HUF 2,726 million in 2007.

***In 2007 MOL Nyrt. made a provision with the amount of HUF 8.997 million for contingent liabilities arisen from general contracting activity of the Company concerning subcontractors' services performed but not charged during the reporting period.

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31. Long-term liabilities

Details of long-term liabilities by maturity

HUF million

<i>Balance sheet item 2006</i>	<i>Within a year</i>	<i>Long-term</i>		
		<i>Between 1 and 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Convertible bonds	0	5,800	0	5,800
Liabilities from bond issue	0	0	189,225	189,225
Long-term liabilities to related parties	18,037	369	0	369
Other long-term liabilities	0	15	0	15
Total	18,037	6,184	189,225	195,409

HUF million

<i>Balance sheet item 2007</i>	<i>Within a year</i>	<i>Long-term</i>		
		<i>Between 1 and 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Convertible bonds	3,860	0	0	0
Liabilities from bond issue	0	0	190,012	190,012
Other long-term credits*	34,172	312,089	0	312,089
Long-term liabilities to related parties	10,726	0	0	0
Other long-term liabilities	0	28	0	28
Total	48,758	312,117	190,012	502,129

*The increase of long-term loan reflects realized acquisitions and effect of the treasury share purchases within the frame of the capital optimization program.

Liabilities secured with a mortgage or similar rights

The Company does not have any liabilities secured with a mortgage or similar rights.

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32. Breakdown of long-term liabilities to related parties

HUF million

<i>Long-term liabilities</i>	<i>2006</i>	<i>2007</i>
<i>Long-term liabilities to subsidiaries</i>	369	0
Long-term credits received	322	0
Liabilities to suppliers	47	0
Long-term liabilities to related parties	369	0

33. Liabilities, where the repayable amount exceeds the amount received

HUF million

<i>Description</i>	<i>Amount received EUR</i>	<i>Amount repayable</i>		<i>Maturity</i>
		EUR	HUF million	
Long-term liabilities from bond issue	746,707,500	750,000,000	190,012	05.10.2015

The Company signed the agreements related to EUR 750 million fixed rate Eurobond notes on 30 September 2005. The notes will pay an annual coupon of 3.875% and are in the denomination of EUR 50,000 each. The notes were offered as part of a private placement and are listed on the Luxembourg Stock Exchange. The value of liability presented in the balance sheet of 2006 is HUF 189,225 million, difference arisen from valuation at the year end of 2007.

34. Short-term loans

HUF million

<i>Description</i>	<i>2006</i>	<i>2007</i>
Convertible bond liability due within a year	0	3,860
Total short-term loans	0	3,860

35. Short-term credits

HUF million

<i>Description</i>	<i>2006</i>	<i>2007</i>
Long-term loans repayable within a year	0	34,172
Total short-term credits	0	34,172

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36. Breakdown of short-term liabilities to related parties

<i>Description</i>	HUF million	
	<i>2006</i>	<i>2007</i>
Liabilities to subsidiaries	63,804	98,599
Suppliers	32,082	39,721
Short-term credits	25,074	47,165
Other liabilities*	6,648	11,713
Liabilities to associated companies	374	1,232
Suppliers	374	1,232
Total	64,178	99,831

*Item contains dividend received in advance from BHM Oil Invest Ltd, RUSI Services Ltd and MOL Agram d.o.o. and MOL CIS Ltd.

The Company did not have short-term liability to joint ventures in 2006 and 2007.

37. Other short-term liabilities

<i>Description</i>	HUF million	
	<i>2006</i>	<i>2007</i>
Tax and contribution liabilities	42,819	40,817
<i>Of which: VAT liability*</i>	14,446	16,732
<i>Mining royalty payable</i>	11,673	8,181
Liabilities from swap agreement**	32,104	25,708
Ruhrgas discount***	7,192	7,192
Price difference of acquisition****	0	6,662
Liabilities to the social security system	1,319	1,323
Liabilities from filling station cards and services	484	539
Liabilities to shareholders	50,353	85,366
<i>Of which: dividend payable</i>	50,061	85,098
Price difference of gas business sale*****	11,852	0
Settlements with Magyar Szénhidrogén Készletező Szövetség*****	982	0
Other short-term liabilities	134	1,005
Total	147,239	168,612

*Includes VAT on continuous performance

**On 13 March 2006 MOL signed a share purchase agreement to sell 6,007,479 Series "A" Ordinary Shares of MOL held in treasury to Magnolia Finance Limited ("Magnolia"). Magnolia announced the sale of up to EUR 610 million of perpetual exchangeable capital securities (the "Capital Securities"), exchangeable into the Series "A" Ordinary Shares of MOL in the predetermined exchange period, to international financial investors. MOL has

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also, concurrently with the sale, entered into a swap agreement in principle with Magnolia that gives MOL a call option to buy back all or some of the Series "A" Ordinary Shares of MOL, in certain limited circumstances. The value of the swap at 31 December 2007 is HUF 31,012 million which contains the fair valuation difference (HUF 5,304 million).

***MOL Nyrt. received gas discount for deposited amount of natural gas according to the contract concluded between MOL and Ruhrgas AG. in 1998. MOL in connection with the sale of MOL Földgázellátó Zrt. conveyed the contract to E.ON Földgáz Trade Zrt.

****Post-closing purchase price difference referring to the purchase of Tifon d.o.o. and IES S.p.A.

*****Price adjustment consideration on the initial purchase price regarding the disposal of MOL Földgázellátó Zrt.

*****Obligations against MSZKSZ were recorded among other short-term liabilities.

38. Net sales revenues by market segments

HUF million

<i>Market segment, region</i>	<i>2006</i>			<i>2007</i>		
	<i>Product</i>	<i>Service</i>	<i>Total</i>	<i>Product</i>	<i>Service</i>	<i>Total</i>
European Union	253,168	945	254,113	307,258	1,728	308,986
Of which: Austria	93,929	1	93,930	94,030	41	94,071
Slovakia	56,003	194	56,197	87,235	782	88,017
Romania**	20,630	145	20,775	21,983	161	22,144
Central-Eastern Europe	138,123	412	138,535	55,054	231	55,285
Of which: Croatia	102,730	252	102,982	27,867	223	28,090
Other Europe	948	36	984	2,457	0	2,457
Outside Europe*	7,721	231	7,952	8,422	455	8,877
<i>Export total</i>	<i>399,960</i>	<i>1,624</i>	<i>401,584</i>	<i>373,191</i>	<i>2,414</i>	<i>375,605</i>
<i>Total domestic</i>	<i>1,438,082</i>	<i>33,970</i>	<i>1,472,052</i>	<i>1,420,914</i>	<i>44,982</i>	<i>1,465,896</i>
Total	1,838,042	35,594	1,873,636	1,794,105	47,396	1,841,501

*The outside Europe segment contained the sale of PB products, fuels, heating and fuel oils, lubricants and other crude oil industry products.

**Romania was presented in 2006 as Central-Eastern European country.

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39. Net sales revenues by divisions

HUF million

<i>Description</i>	<i>Refining & Marketing</i>	<i>Retail services</i>	<i>Exploration & Production</i>	<i>Corporate and other*</i>	<i>Total</i>
Net domestic sales revenues	1,243,001	76,238	125,797	20,860	1,465,896
Net export sales revenues	373,711	3	1,137	754	375,605
Net sales revenues	1,616,712	76,241	126,934	21,614	1,841,501

*Services provided for subsidiaries by the Company.

40. Import purchase by market segment

HUF million

<i>Market segment, region</i>	<i>2006</i>			<i>2007</i>		
	<i>Product</i>	<i>Service</i>	<i>Total</i>	<i>Product</i>	<i>Service</i>	<i>Total</i>
European Union	696,665	16,278	712,943	732,424	16,973	749,397
<i>of which: UK</i>	538,472	2,374	540,846	550,953	1,024	551,977
<i>Cyprus</i>	96,079	1,080	97,159	112,790	3,980	116,770
<i>Germany</i>	2,962	4,413	7,375	28,041	3,767	31,808
<i>Slovakia</i>	48,232	1,533	49,765	23,965	986	24,951
<i>Austria</i>	4,127	2,923	7,050	6,642	3,302	9,944
Other Europe	87,829	1,380	89,209	64,140	1,023	65,163
<i>of which: Switzerland</i>	87,827	1,017	88,844	64,140	1,011	65,151
Central-Eastern Europe	3,625	418	4,043	8,728	1,598	10,326
<i>of which: Croatia</i>	3,625	407	4,032	8,432	683	9,115
Outside Europe	16,258	724	16,982	20,771	1,342	22,113
<i>of which: USA</i>	4,212	537	4,749	11,317	1,229	12,546
<i>Kazahsztan</i>	8,112	20	8,132	8,856	10	8,866
Total Import	804,377	18,800	823,177	826,063	20,936	846,999

The table does not contain the performed but non invoiced deliveries.

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41. Other operating income and expenses

	HUF million	
<i>Other operating income</i>	<i>2006</i>	<i>2007</i>
Provision used	9,264	6,976
<i>From which: Release of environmental provision</i>	4,363	2,502
Release of field abandonment provision	1,208	2,946
Reversal of deferred income concerning emission rights*	0	2,276
Reversal of write-off of receivables, derecognition of write-off due to financial settlements	2,485	2,155
Write off negative goodwill arisen from acquisitions**	0	1,697
Surplus inventory	1,414	1,474
Received penalty, fine, default penalty and compensation	1,406	592
Reversal of impairment of tangible assets	631	582
Revenues from the sale of intangibles and property, plant and equipment	505	511
Other	779	1,482
Total other operative income	16,484	17,745

*In 2007 the Company recorded release of deferred income concerning greenhouse gas emission quotas received free of charge, while in 2006 it was accounted as extraordinary revenue (see point 3.4.1 for further details).

**See Note 27: Prepayments, accruals.

	HUF million	
<i>Other operating expenses</i>	<i>2006</i>	<i>2007</i>
Excise duty	264,053	274,210
Impairment	14,314	20,336
Provisions made	8,413	17,572
Fee to the Magyar Szénhidrogén Készletező Szövetség	13,052	13,872
Tax and duties to local governments	12,327	10,056
Extraordinary depreciation and impairment*	10,056	7,243
Use of emission rights**	12,558	1,747
Depreciation, scrapping and shortage of stocks	2,497	1,535
Grants and benefits	741	907
Cost of intangible assets and property, plant and equipment sold	255	486
Fines, penalties and self-revision penalty	459	391
Paid compensation for damages	1,048	64
Other	1,115	1,188
Other operative expenses	340,888	349,607

*The amount of impairment contains impairment of field abandonment provision capitalised in the value of land and building. See section 3.4.6.

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**The significant reduction of the emission unit's market price resulted in the reduction of the surrender value of the CO2 emission unit (the surrender of 2005 was accounted on HUF 7,819.55/unit weighted average price, while the surrender of 2006 was accounted on HUF 1,072.28 /unit weighted average price.

42. Other services

<i>Description</i>	<i>2006</i>	<i>2007</i>
Other tax and tax-type payments recognised as an expense	231,528	203,974
<i>Of which: Excise duty</i>	106,469	106,414
<i>Mining royalty *</i>	124,441	97,128
Insurance fees	3,206	3,175
Bank expenses**	1,125	2,450
Authority charges, duties	936	1,125
Environmental levy	322	313
Other	5	2
Total other services	237,122	211,039

*As the effect of the lower gas production volumes and prices, the amount of the mining royalty was lowered in 2007.

**The increase in bank expenses was due to one off contracting fee of a multicurrency revolving credit of EUR 2.1 billion. The loan agreement was signed on 2 October 2007.

43. Received (due) dividend

<i>Description</i>	<i>2006</i>	<i>2007</i>
Received (due) dividend from subsidiaries	81,626	66,779
Received (due) dividend from associate companies	607	1,127
Received (due) dividend from related parties	82,233	67,906
Received (due) dividend from other investments	17	61
Other received (due) dividend	17	61
Total received (due) dividend	82,250	67,967

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44. Divested companies

In 2007 MOL Nyrt. did not have sold, liquidated companies.

The sale of the 100% stake of MOL Földgázellátó Zrt. (WMT) and MOL Földgáztároló Zrt. (Storage) to E.ON Ruhrgas International (ERI) was closed on 31 March 2006. The final purchase price was dependent on the actual level of debt and working capital on the date of the closing and other price adjustments. The final purchase price of WMT is subject to several price adjustment conditions. Price adjustments will be accounted for semi-annually until the end of 2009. In the third quarter of 2007 HUF 17,414 million financial revenue was recorded concerning the period of January-July 2007 while further HUF 26,855 million concerning July-December 2007 period will be financially settled probably in the first quarter of 2008. The aggregate amount of price adjustments, HUF 44,269 million was accounted as foreign exchange gain arisen from the sale of investments.

45. Other financial income and expenses

<i>Other financial income</i>	HUF million	
	<i>2006</i>	<i>2007</i>
FX gain on monetary assets and liabilities denominated in foreign exchange	62,118	40,781
<i>of which: Realised FX gain of trade payables denominated in foreign exchange</i>	16,102	12,564
<i>Unrealised FX gain at year-end valuation</i>	8,867	8,050
<i>Realised FX gain of other payables denominated in foreign exchange</i>	9,432	5,516
<i>Realised FX gain of trade receivables denominated in foreign exchange</i>	6,748	5,135
<i>Realised FX gain of loans and borrowings denominated in foreign exchange</i>	10,363	5,018
Gain on non-hedge-type derivative transactions	25,693	36,893
FX gain on the sale of securities held for trading*	11,055	0
Other, not specified financial income	798	1,059
Total other financial income	99,664	78,733

*In 2006 the FX gain on the sale of securities held for trading was realised on the profit of sale of securities to BNP Paribas SA and Magnolia Finance Limited.

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	HUF million	
<i>Other financial expenses</i>	<i>2006</i>	<i>2007</i>
FX loss on monetary assets and liabilities denominated in foreign exchange	61,679	32,314
<i>Of which: FX loss on suppliers denominated in foreign currency</i>	<i>11,822</i>	<i>7,256</i>
<i>FX loss on other receivables denominated in foreign currency</i>	<i>23,126</i>	<i>6,886</i>
<i>FX loss on trade receivables denominated in foreign currency</i>	<i>8,921</i>	<i>6,850</i>
<i>FX loss on loans denominated in foreign exchange</i>	<i>11,056</i>	<i>4,376</i>
Loss on non-hedge-type derivative transactions	7,387	3,411
Other, not specified financial expense	30	1,814
Total other financial expenses	69,096	37,539

46. Extraordinary revenues and expenditure

	HUF million	
<i>Extraordinary revenues</i>	<i>2006</i>	<i>2007</i>
Extraordinary revenues from terminated investments*	20,496	1,651
Extraordinary revenues from assets received free of charge**	20,380	59
Grant received	5	12
Other extraordinary revenues	39	12
Total extraordinary revenues	40,920	1,734

	HUF million	
<i>Extraordinary expenses</i>	<i>2006</i>	<i>2007</i>
Extraordinary expenses from terminated investments*	21,815	299
Final transfer of cash and cash equivalents	49	204
Carrying value of assets given free of charge	89	165
Non-deductible VAT of assets given free of charge	0	19
Receivables remitted, assumption of debt	8	2
Total extraordinary expenses	21,961	689

*Changes in extraordinary revenues and expenses regarding investments caused by the following business events:

- Extraordinary expense with the amount of HUF 16,640 million is considered due to the alteration (separation) of MOL Ro. Comert Srl. in 2006. Capital increase in MOL Romania and purchase cost of the newly established S.C. Aviation Petroleum Srl., M.P. Petroleum Distributia Srl. companies amount to HUF 18, 443 million.
- Explant Kft. is merged into the Petrolszolg Kft. with the 31December 2006 settlement date. Thereupon cancellation of carrying value caused HUF 5,000 million profit decrease while increase in equity resulted HUF 1,740 million profit increase.
- Due to the withdrawal of capital form the BHM Oil Invest Ltd in 2007, the book value was HUF 182 million, while the accounted revenue was HUF 1,651 million.

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- Concerning the fusion of Explant Kft., in 2007 the amount of HUF 117 million was accounted due to equity correction based on the final asset and liability statement.

**The amount of revenue from assets received free of charge includes in 2006 the release of deferred revenue with the amount of HUF 19.841 million caused by the surrender of free emission rights received from the Hungarian State and related write-off in 2005. The release of deferred revenue was accounted as other revenue in 2007. (See also point 3.4.1).

47. Grant received for development purposes

HUF million

<i>Title of subsidy</i>	<i>2006</i>			<i>2007</i>		
	<i>Amount received</i>	<i>Amount used</i>	<i>Available amount</i>	<i>Amount received</i>	<i>Amount used</i>	<i>Available amount</i>
Development of new generation bio-fuel (primarily bio-diesel)*	80	0	80	0	80	0
Grant received from World Bank Group (research, environment friendly geometric project financing)**	0	0	0	587	587	0

*In 2006, HUF 46 million was used for asset purchase from the development sponsorship amount gained from the Jedlik competition. The remaining part was paid back in 2007 to the Research and Development Sponsorship and Research Utilization Office.

**36% of the amount relates to MOL and 64% to partners.

48. Revenues from related parties

HUF million

<i>Description</i>	<i>2006</i>	<i>2007</i>
Net revenues from related parties	588,303	551,755
Net revenues from subsidiaries	440,851	481,379
Net revenues from associated companies	83,711	9,916
Net revenues from other investments	63,741	60,460
Other revenues from related parties	2,512	4,368
Other revenues from subsidiaries	2,512	4,268
Other revenue from other investments	0	100

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49. Reconciliation of corporate tax base, solidarity surplus tax

HUF million

<i>Description</i>	<i>2006</i>	<i>2007</i>
Profit before taxation	296,333	255,810
Temporary tax base adjustments		
Tax base adjustment of impairment	4,250	17,250
Tax base adjustment of provisions made and used	(5,224)	7,496
Tax base adjustment of impairment and reversal based on market valuation	7,063	3,997
Tax base adjustment of depreciation	2,565	(839)
Other tax base adjustments		
Impairment loss regarding controlled foreign investments	1,964	6,251
Tax base adjustments of non-repayable grants and benefits given	876	1,338
Accounted costs and expenses not relating to business activities	62	488
Tax base adjustment of tax penalty	134	27
50% of the gain on Stock Exchange transactions	(5,528)	0
Income due to cancelled investment	(124)	0
Non-repayable grants received as revenue	(523)	(57)
Other tax base adjustment	(350)	(792)
Tax base adjustment of the sale, contribution in kind, destruction or shortage of intangible assets and property, plant and equipment	(894)	(223)
50% of received royalty revenues	(550)	(424)
100% of research and development costs	(552)	(594)
Interest in connection with related parties	(726)	(2,427)
100% of local tax recognised as an expense	(10,540)	(8,739)
Not realised FX difference due to not covered derivative transaction and long-term liabilities	0	(12,358)
Dividend received	(82,250)	(67,967)
Tax base	205,986	198,237

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Summary of tax base adjustments

HUF million

<i>Description</i>	<i>2006</i>	<i>2007</i>	<i>Change</i>
Items increasing the tax base	86,850	112,664	25,814
Items reducing the tax base	(177,197)	(170,237)	6,960
Change of tax base	(90,347)	(57,573)	32,774

Solidarity surplus tax

HUF million

<i>Description</i>		<i>9-12 month 2006</i>	<i>2007</i>
1.	Profit before tax	30,078	255,810
2.	Income realised in abroad	0	0
3.	Reduction items	6,328	71,609
	Dividend received	17	67,967
	Received subsidy and allowance, assets received free of charge, assumed liability	6,311	3,048
	Direct cost of basic research and research and development	0	594
4.	Increasing items	400	1,336
	Tax paid in abroad	3	41
	Given subsidy and allowances, assets given free of charge, assumed liability	397	1,295
5.	Tax base	24,150	185,537
6.	Surplus tax	966	7,421

Based on 2006 LIX. law about solidarity surplus tax and contributions the Company decided to make intermediary financial statement with the date of 31 August 2006 to define tax base for Solidarity surplus tax. Accordingly Solidarity surplus tax payable for 2006 was calculated on a basis of difference of data in the financial statements related to periods ended on 31 August 2006 and on 31 December 2006.

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50. Material errors of the previous years and their impact

HUF million

<i>Balance Sheet</i>	<i>Original amounts of previous year</i>	<i>Adjustments of current year</i>						<i>Adjusted amounts of previous year</i>
		<i>For years</i>						
		<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>Total</i>	
NON-CURRENT ASSETS	1,021,966	0	5	8	(12)	136	137	1,022,103
Intangible assets	15,099	0	0	50	(18)	(18)	14	15,113
Property, plant and equipment	350,756	0	5	(42)	6	154	123	350,879
Non-current financial assets	656,111	0	0	0	0	0	0	656,111
CURRENT ASSETS	1,089,456	0	0	0	2	924	926	1,090,382
Inventories	110,366	0	0	0	0	(8)	(8)	110,358
Receivables	398,189	0	0	0	2	932	934	399,123
Securities	240,201	0	0	0	0	0	0	240,201
Cash and cash equivalents	340,700	0	0	0	0	0	0	340,700
PREPAYMENTS	24,932	0	0	0	0	(11)	(11)	24,921
TOTAL ASSETS	2,136,354	0	5	8	(10)	1,049	1,052	2,137,406
SHAREHOLDERS' EQUITY	1,468,070	(3)	10	107	124	625	863	1,468,933
Share capital	109,330	0	0	0	0	0	0	109,330
Share premium	220,759	0	0	0	0	0	0	220,759
Retained Earnings	622,754	0	0	0	0	0	0	622,754
Tied-up reserve	269,860	0	0	0	0	0	0	269,860
Fair valuation reserve	0	0	0	0	0	0	0	0
Net income for the period	245,367	(3)	10	107	124	625	863	246,230
PROVISIONS	104,014	0	0	0	0	0	0	104,014
LIABILITIES	516,981	3	(5)	(99)	(134)	426	191	517,172
Long-term liabilities	195,409	0	0	0	0	0	0	195,409
Short-term liabilities	321,572	3	(5)	(99)	(134)	426	191	321,763
ACCRUALS	47,289	0	0	0	0	(2)	(2)	47,287
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,136,354	0	5	8	(10)	1,049	1,052	2,137,406

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HUF million

<i>Income Statement</i>	<i>Adjustments of current year</i>					<i>Total</i>
	<i>For years</i>					
	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	
Net sales revenue	0	0	0	2	914	916
Capitalised own performance	0	0	0	0	0	0
Other operating income	0	0	0	0	3	3
Material-type expenses	3	(5)	(108)	(134)	376	132
Personal-type expenses	0	0	0	0	(1)	(1)
Depreciation	0	(5)	(6)	12	(20)	(19)
Other expenditures	0	0	0	0	(82)	(82)
PROFIT OR LOSS OF OPERATING ACTIVITIES	(3)	10	114	124	644	889
FINANCIAL PROFIT OR LOSS	0	0	0	0	(4)	(4)
<i>ORDINARY BUSINESS PROFIT</i>	<i>(3)</i>	<i>10</i>	<i>114</i>	<i>124</i>	<i>640</i>	<i>885</i>
EXTRAORDINARY PROFIT OR LOSS	0	0	0	0	7	7
PROFIT BEFORE TAX	(3)	10	114	124	647	892
Income tax	0	0	7	0	22	29
PROFIT AFTER TAX	(3)	10	107	124	625	863
Use of retained earnings for dividend	0	0	0	0	0	0
Approved dividend and profit share	0	0	0	0	0	0
NET INCOME FOR THE PERIOD	(3)	10	107	124	625	863

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51. Employees

HUF million

Staff categories	2006			2007		
	Average statistical staff (persons)	Wages and salaries (HUF million)	Personnel type expenses (HUF million)	Average statistical staff (persons)	Wages and salaries (HUF million)	Personnel type expenses (HUF million)
Full-time employees	5,190	30,956	6,021	5,306	33,032	5,629
- physical	2,433	8,625	1,648	2,577	10,025	2,219
- intellectual	2,757	22,331	4,373	2,729	23,007	3,410
Other	44	2,063	614	43	1,155	978
Total	5,234	33,019	6,635	5,349	34,187	6,607

52. Board of Directors and Supervisory Board

Remuneration paid to members of Board of Directors and Supervisory Board

HUF million

Description	2006			2007		
	Board of Directors	Supervisory Board	Total	Board of Directors	Supervisory Board	Total
Interest on bonds	71	0	71	65	0	65
Honorarium	232	95	327	150	88	238
Compensation for interest on bonds	38	0	38	37	0	37
Bond programme compensation	164	0	164	0	0	0
Total remuneration in the year	505	95	600	252	88	340

The table only includes remuneration to non-executive members of the Board of Directors, The executive members employed by MOL Nyrt. do not receive any additional remuneration for their participation in the Board. Fix remuneration to non-executive Board members (net 25,000 or 41,500 EUR/head/year) paid after the Annual General meeting.(In case the position of the Chairman is not occupied by non-executive director, it is the non-executive Vice Chairman who is entitled for this payment.)

Board members who are not Hungarian citizens and do not have permanent address in Hungary are provided with 1,500 EUR on each Board meeting (maximum 15 times per year) when travelling to Hungary. Directors who are Chairmen of the committees are provided with 1,000 EUR per months.

Long-term incentive scheme (General incentive scheme)

The Company operated a complex long- and short-term incentive scheme from 2003 to 2005 for top and middle managers. The incentive aim involved company and organizational level financial and operational targets, evaluation of the contribution to the strategic goals of the Company and determined individual tasks in the System of Performance Management (TMR), and competencies. From the settled incentive scheme based on evaluation of indicators and qualification of individual tasks and competencies, 60% was paid after the evaluation and 40% will be paid after a two-year-waiting period attached to the MOL share price.

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Incentive scheme based on share options - introduced in 2006 - ensures the interest of MOL Group management in the long-term MOL share stock price increase, Option incentive is a cash payment incentive calculated annually based on call the value of call options on MOL shares

- Covers a 5 (3+2) years periods starting annually,
- Its rate is defined by the quantity of units specified by Mol management grades
- Value of units is defined annually (1 unit = 100 MOL share in 2006 and 2007, respectively),

Exercise of options is not available until the end of the third year (waiting period), The exercise period lasts from 1 January of the fourth year until 31 December of the fifth year. Number of share pieces is multiplied with the price increase (difference between the initial exercise price and the price at the time of redemption) determines the value of payment which is paid after notification submitted during the exercise period,

Convertible bond programme

Based on the long-term management incentive scheme for senior management and non-executive members of the Board of Directors (hereinafter: Bond Programme) approved on 1 September 2003, out of the total number of 1,200 convertible bonds issued at a nominal value of HUF 10 million, 194 bonds were converted in the converting period of 2007, as a result 345,126 shares were allocated to eligible directors. The conversion was realised on 10 September 2007 with the conversion rate of 1,779 'A' series MOL shares specified in the rules of conversion.

Changes of the bonds in 2007:

<i>Date</i>	<i>Bond transaction</i>	<i>Number</i>	<i>Value (HUF million)</i>
MOL Nyrt.'s liabilities from convertible bonds on 31 December 2006		580	5,800
	<i>Of which: Bonds held by managers</i>	388	3,880
	<i>Of which: Bonds repurchased by MOL (pool)</i>	192	1,920
Bond movements in 2007			
10.09.2007	Bond - share conversion	194	1,940
20.09.2007	Bond – buy back from 1 manager(into pool)	5	50
11.10.2007	Bond – buy back from 1 manager(into pool)	5	50
MOL Nyrt.'s liabilities from convertible bonds on 31 December 2007		386	3,860
	<i>Of which: Bonds held by managers</i>	184	1,840
	<i>Of which: Bonds repurchased by MOL (pool)</i>	202	2,020

Closing bond balances as of December 2007:

<i>Management groups</i>	<i>Number of bonds</i>
Non-executive members of the Board of Directors (7persons)	43
Executive board members (7 persons)	96
Additional senior managers (2 person)	14
Top managers of MOL Group (5 persons)	31
Pool	202
Total	386
Bonds converted in 2004	220
Bonds converted in 2005	206
Bonds converted in 2006	194
Bonds converted in 2007	194
Grand total	1,200

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Shares held by the members of the Board of Directors and Supervisory Board

<i>Description</i>	<i>Number of shares held</i>	
	<i>2006</i>	<i>2007</i>
Board of Directors	243,857	413,798
Supervisory Board	1,935	891
Total	245,792	414,689

The number of shares held by the Board of Directors has increased as a result of shares allocated under the convertible bond programme.

Loans given to the members of the Board of Directors and Supervisory Board

MOL Nyrt. did not provide any loans, advances or guaranties to its responsible executive officers in 2006 and 2007 and has no pension liabilities to its former responsible executive officers either.

Transactions with officers and management of the Company

Mr. Csányi, deputy chairman of the Board of Directors is also the Chairman-CEO of OTP Bank Nyrt. MOL and some of its subsidiaries have contractual relationship with the members of OTP Group, including having bank accounts, using credit card services and obtaining loan financing. No transactions out of the usual conduct of business, or transactions with significant size has been concluded with OTP in 2006 or 2007, except for the share lending transaction. All of these transactions are on an arm's-length basis.

Mr. Gábor Horváth, a member of the Board of Directors is the owner of a legal consultancy firm that provided legal services to MOL Group amounting to HUF 4 million in 2006.

A close family member of Mr. Kamarás, member of the Board Of Directors, has direct control over Roff-Petrol Bt., an operator of three fuel stations.

Mrs Bognár and Mr Major, members of the Supervisory Board are directors of Fókusz Kom Kht., a non-profit organization founded by the trade unions, which received a loan from MOL Nyrt. amounting to HUF 330 million in 2004. The closing amount of the loan is HUF 270 million as of 31 December 2007. In 2007 and 2006 there was energy supply service provided by MOL Nyrt. to Fókusz Kom Kht amounting to HUF 125 and HUF 94 million respectively. MOL Nyrt. and MOL-LUB Kft. purchased HUF 2 million training services from Fokusz Kom Kht in 2006. As at 29 October 2007 Fókusz Kom Kht. was sold to an independent third party and prior directors were recalled. The brother of Mr. Major is the managing director of CSÚCS 94 Kft. which provided maintenance services to Petrolszolg Kft. amounting to HUF 168 and HUF 324 million during 2007 and 2006, respectively. In 2007 and 2006 there was rental service provided by MOL Nyrt. to CSÚCS 94 Kft. amounting to HUF 4 and HUF 3 million respectively.

Mr. Hatina, member of the Supervisory Board has an indirect interest of a Slovakian company Granitol a.s. through Slovintegra a.s.. The Group has sold polyethylene to this company in 2007 and 2006 amounted to HUF 4,484 and HUF 2,013 million respectively, carried out on usual commercial terms and market prices. Additionally, Mr. Hatina has an indirect interest of a Slovakian company Real-H.M. s.r.o. through BAITEC Group a.s. The Group has sold goods to this company in 2007 in amount of HUF 3,929 million carried out on usual commercial terms and market prices.

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The brother of Mr. Ferenc Horváth, managing director of Refining and Marketing is the CEO at Vértes Volán Zrt., which company (in compliance with regulations on public procurement) regularly purchases fuel from the Group. The value of transactions (which are carried out on usual commercial terms and market prices) was HUF 2,132 million and HUF 2,200 million during 2007 and 2006 respectively.

Mr. József Molnár, Group Chief Financial Officer purchased two perpetual exchangeable capital securities issued by Magnolia Finance Ltd at 96% of nominal value on the Luxembourg Stock Exchange in June, 2006.

Mr. Oszkár Világi, a member of the Board of Directors in Slovnaft and Slovnaft's Chief Executive Officer is a partner in the legal firm Csekés, Világi, Drgonec & Partners, spol. s.r.o. that provided legal services to the Group in the value of HUF 52 million and HUF 78 million in 2007 and 2006, respectively, and until 31 January 2007 he was a member of the Supervisory Board of OTP Banka Slovensko, a.s. Additionally Mr. Világi was the chairman of the Board of Trustees of Železnice Slovenskej Republiky ("Railways of SR"). Slovnaft has sold products and services to this company carried out on usual commercial terms and market prices and amounted to HUF 272 million during 2006. Slovnaft has purchased services from this company amounted to HUF 16 million during 2006. All transactions have been carried out on usual commercial terms and market prices.

Mr. Gansperger, the member of the Board of Directors in TVK is the member of the Supervisory Board in Geohidroterv Mérnökgeológiai, Környezetvédelmi és Vízgazdálkodási Kft. an engineering firm that provided services to MOL Nyrt. in the value of HUF 62 million in 2007 and HUF 395 million in 2006.

53. Commitments and contingent liabilities

Capital and contractual commitments

The total value of capital commitments as of 31 December 2007 was HUF 8,490 million, of which HUF 8,327 million expected to incur in 2008, HUF 39 million in 2009, HUF 83 million in 2010 and HUF 41 million in 2011. Capital commitments relate to obligations to purchase tangible and intangible assets, of which HUF 1,184 million relates to the following three projects:

- Improvement of energy supply and investments into steam-system at the plants
- Increase desulphurization efficiency in plants CLAUS-4 and by building up plant CLAUS-6.
- Development of waste incinerator

Operating lease liabilities are as follows

<i>Description</i>	<i>2006</i>	<i>2007</i>
Liabilities due within one year	151	152
Liabilities due within 2-5 years	197	157
Liabilities due over 5 years	0	0
Total	348	309

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Regulatory proceedings and litigation

Among those procedures which started in the last few years and which might have significant impact on the business conduct or financial position of MOL Group, a constitutional law related complaint issued by MOL Nyrt. is still pending. The Company applied to the Hungarian Constitutional Court in December 2001 to declare unconstitutional the regulation of the Economic Ministry and the relevant provisions of the related Government decision on the setting of the reselling gas price for year 2000. The Company also requested the Hungarian Constitutional Court to state that those provisions of the relevant legal regulations shall not be applicable in the civil law suit rejecting MOL's claim for damages.

The litigation initiated by the minority owners holding an approximate 23% ownership interest in Balatongáz Kft. against MOL as the majority owner of Balatongáz Kft. to determine that MOL purchased their ownership interests for a total purchase price of HUF 83 million and for damages of HUF 3 billion is still pending. The court passed an interim ruling, on 31 August 2006, by which the court created the purchase agreements of ownership interests between MOL and the plaintiff minority owners with the conditions stipulated in MOL's bid dated as of May 7, 2001. MOL filed an appeal against that interim ruling. On 13 March 2007 the Table Court set aside the interim ruling. The Metropolitan Court in its decree issued on 4 April 2008 based on the judgement of the second instance has decided to hear jointly every claim. The Metropolitan Court called for an expert in the procedure on its hearing on 8 February 2008. Next hearing was set for 9 July 2008.

OMV has initiated legal proceedings against MOL on the Budapest Court of Justice in order to nullify certain resolutions of the Annual General Meeting of MOL held on 26 April 2007. In particular, OMV stated that the veto rights attached to the "B" share held by the Hungarian State breach the requirements of Act XXVI of 2007 on golden shares and Act IV of 2006 (Corporate Law), therefore the AGM should have transformed this preferential share to ordinary series "A" share. Furthermore, OMV stated that it is discriminatory to waive certain entities (namely ÁPV Zrt. and its legal successors) from the 10% voting limitation imposed by the Articles of Association and challenged that the AGM failed to delete the relevant paragraphs thereof. In addition, OMV stated that the resolution approved by the same AGM which limited the number of members of Board of Directors recallable at any one time to 3 members is contradictory to the Corporate Law. Based on these, OMV requests the legal authorities to oblige MOL's AGM to take the necessary measures to correct these contradictions. MOL stated that the 90-day non-extendable time period available for OMV, as a shareholder to initiate any procedure against the resolutions of the AGM referred to above has already elapsed, and that OMV has no other legal basis to proceed against these resolutions. First hearing has been held on 29 February 2008 on which the Court obliged OMV to further specify its claim. Next hearing has been set to 13 May 2008.

The Hungarian Financial Supervisory Authority („HFSA”) in its resolution dated December 11, 2007 imposed a fine on MOL Nyrt. in the aggregate amount of HUF 48 million for the violation of the statutory provisions regulating the prohibition of insider trading, and the obligations to disclose or delay insider information. MOL, claiming the breach of applicable laws, initiated a lawsuit before the Court of Budapest for the judicial supervision of the resolution, and also requested the suspension of the implementation of the resolution. The Court of Budapest, with its decree dated January 30, 2008 rejected the application of MOL for such suspension. On the basis of this MOL has paid the amount of the fine. The first hearing of the case was scheduled by the court to April 29, 2008.

MOL Nyrt. got involved in several litigations in its ordinary operation. At the moment, there are no lawsuits in progress, the potential outcome of which might have a negative impact on the financial position, assets, profit or operational activities of the Company. The aggregate value of lawsuits in which the Company is a defendant is HUF 3,599 million, for which HUF 159 million provisions have been recognised. The total value of lawsuits filed by the Company is HUF 1,521 million.

Environmental liabilities

MOL's operations are subject to the risk of liability arising from environmental damage or pollution and the cost of any associated remedial work. MOL is currently responsible for significant remediation of past environmental damage relating to its operations. Accordingly, MOL has established a provision of HUF 13,678 million for the estimated cost as at 31 December 2007 for probable and quantifiable costs of rectifying past environmental damage. Although the management believes that these provisions are sufficient to satisfy such requirements to the extent that the related costs are reasonably estimable, future regulatory developments or differences between known environmental conditions and actual conditions could cause a revaluation of these estimates.

Furthermore, the technology applied in oil and gas exploration and development activities by MOL's Hungarian predecessor before 1976 (being the year when the act on environmental protection and hazardous waste has become effective) may give rise to future remediation of drilling mud produced. This waste material has been treated and disposed of in line with environmental regulations ruling at that time, however, subsequent changes in legal definitions may result in further re-location and remediation requirements. The existence of such obligation, and consequently the potential expenditure associated with it is dependent on the extent, volume and composition of drilling mud left behind at the numerous production sites, which cannot be estimated currently, but is not expected to exceed HUF 3-5 billion.

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54. Effect of fair valuation

Fair valuation differences in assets and liabilities subject to fair valuation

HUF million

<i>Description</i>	2006 Closing balance	P & L impacts		Effect on sharehold ers' equity	2007 Closing balance
		Financial income	Financial expenses		
Fair valuation difference of financial investments	0	0	0	0	0
Fair valuation difference of receivables	0	0	0	0	0
Cash flow hedge transactions (interest rate swaps)	0	0	0	0	0
<i>Hedge derivative transactions</i>	0	0	0	0	0
Option for treasury share	21,842	35,304	0	0	57,146
FX transactions	0	0	0	0	0
Interest transactions (Cross currency swap)	0	0	0	0	0
<i>Non-hedge derivative transactions</i>	21,842	35,304	0	0	57,146
Positive valuation difference of derivative transactions	21,842	35,304	0	0	57,146
Fair valuation difference of liabilities	0	0	0	0	0
Fair valuation difference of securities	0	0	0	0	0
Liability from Swap Agreement	5,889	825	0	(240)	5,304
Negative valuation difference of derivative transactions	5,889	825	0	(240)	5,304

The evaluation of derivatives is provided by third party (main bank).

Financial instruments subject to fair valuation

HUF million

<i>Description</i>	<i>Purchase value</i>	<i>Valuation difference</i>	<i>Fair value</i>
Non-current financial investments	0	0	0
Receivables	0	0	0
Cash flow hedge transactions (interest swap)	0	0	0
Hedge derivative transactions	0	0	0
Option relating to treasury shares	93,825	57,146	150,971
FX transactions	0	0	0
Interest transactions (Cross currency swap)	0	0	0
Non-hedge derivative transactions	93,825	57,146	150,971
Derivative transactions	93,825	57,146	150,971
Securities	0	0	0
Liabilities from Swap Agreement	(25,708)	(5,304)	(31,012)
Derivative transactions	0	0	0

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Open derivatives on the balance sheet date

HUF million

<i>Description</i>	<i>Subject of transaction</i>	<i>Transaction value /volume</i>	<i>Maturity date</i>	<i>Results settled financially in the current year</i>	<i>Result not settled financially *</i>	<i>Total effect on profit</i>	<i>Expected effect on Cash flow</i>
Cash flow hedge transactions (interest swaps)	Interest rate fixing	-	-	0	0	0	0
Hedge derivative transactions		-	-	0	0	0	0
Option relating to treasury shares Tranche A**	Call option to treasury shares	7,552,874	2009	0	29,051	29,051	(45,350)
Option relating to treasury shares Tranche B**	Call option to treasury shares	1,404,217	2009	0	6,253	6,253	(26,623)
Liability from Swap Agreement ***	Conversion option of exchangeable capital securities by Magnolia	-	2016	0	825	825	(31,012)
Non-hedge derivative transactions		-	-	0	36,129	36,129	(102,985)
Total derivative transactions		-	-	0	36,129	36,129	(102,985)

* The column shows the changes of fair valuation differences.

** BNP Paribas SA ("BNP") and MOL signed agreements on 13 December 2006 regarding Series "A" Ordinary Shares of MOL currently held by BNP. According to these agreements, expiration date for MOL call option rights was extended until 18 June 2009. Purchase and sale price for option regarding the 7,552,874 shares (Tranche A) is USD 34,78583 per share whilst regarding 1,404,217 shares (Tranche B) is USD 109,83794 per share. Underlying agreement was concluded on 23 December 2005 (regarding Tranche A) and on 10 April 2006 (regarding Tranche B). Expected cash flow impact presented in the table above compounds with foreign currency value payable based on option price converted into HUF at the balance sheet date.

*** On 13 March 2006, MOL signed a share purchase agreement to sell 6,007,479 Series "A" Ordinary Shares to Magnolia Finance Limited ("Magnolia"). Magnolia announced the sale of up to EUR 610 million of perpetual exchangeable capital securities, exchangeable into the Series "A" Ordinary Shares of MOL during the exchange period to international financial investors. MOL, concurrently with the sale of ordinary shares, entered into a swap agreement in principle with Magnolia that gave MOL a call option to buy back the Series "A" Ordinary Shares of MOL. Expected cash flow present value impact revealed in the table above compounds with fair value of liability at the balance sheet date.

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Derivative transactions closed in the current year

HUF million

<i>Description</i>	<i>Subject of transaction</i>	<i>Transaction value /volume</i>	<i>Results settled financially in the current year</i>	<i>Result not settled financially</i>	<i>Total effect on profit</i>	<i>Expected effect on Cash flow</i>
Cash flow hedge transactions (interest swaps)	Interest rate fixing	-	0	0	0	0
<i>Hedge derivative transactions</i>		-	0	0	0	0
FX transactions	Exchange rate hedging	-	(114)	0	(114)	(114)
Cross currency swap	Repayment of loan liabilities, exchange rate hedge, interest rate fixing	-	0	0	0	0
Product price transactions	Product price risk hedge	-	(2,712)	0	(2,712)	(2,712)
<i>Non-hedge derivative transactions</i>		-	(2,712)	0	(2,712)	(2,712)
Total derivative transactions		-	(2,712)	0	(2,712)	(2,712)

Profit effect of derivative transactions in the current year

HUF million

<i>Description</i>	<i>Results settled financially in the current year</i>	<i>Result not settled financially</i>	<i>Total profit effect</i>
Open derivative transactions	0	36,129	36,129
Closed derivative transactions	(2,712)	0	(2,712)
Total	(2,712)	36,129	33,417
Of which: Interest income			0
Interest expense			0
Other financial income			36,828
Other financial expense			3,411

55. Off-balance sheet guarantees

<i>Type of liability</i>	<i>Amount</i>	<i>Currency</i>	<i>Starting date</i>	<i>Maturity date</i>	<i>Company</i>
Unconditional guarantee	500,000,000	HUF	06.03.2007	15.04.2008	MOL Energiakereskedő Kft.
Comfort letter	41,429,524	HUF	09.05.2007	22.02.2009	Egerfém Kft.
Comfort letter	1,461,000	EUR	20.04.2007	15.07.2008	MOL Slovenija d.o.o.
Comfort letter	216,225	EUR	11.02.2002	-	MOL Romania PP Srl.

Note: If the amounts or maturity dates are not indicated, the guarantee is not specified in terms of an amount or maturity.

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56. Guarantees of MOL Nyrt., not included in the balance sheet

<i>Type of liability</i>	<i>Amount</i>	<i>Currency</i>	<i>Starting date</i>	<i>Maturity date</i>	<i>Company</i>
Parent company guarantee	1,300,000,000	CZK	21.02.2007	20.02.2008	Slovnaft Ceska Republika s.r.o.
Parent company guarantee	100,000,000	RSD	25.05.2007	When the basic contract expires, but not later then: 30.07.2008	Intermol d.o.o.
Parent company guarantee	49,000,000	USD	05.11.2007	05.11.2012 or when Pronodar pays the purchase price	Pronodar Ltd
Parent company guarantee	15,000,000	USD	27.06.2007	15.10.2008.	Ural Oil and Gas LLP
Parent company guarantee	6,000,000	USD	06.11.2007	06.05.2009	Kalegran Ltd
Parent company guarantee	5,000,000	USD	06.11.2007	31.12.2032 or until the contract ceases	Kalegran Ltd
Parent company guarantee	1,000,000	USD	06.11.2007	2010.11.06.	Kalegran Ltd
Parent company guarantee	1,000,000	USD	06.11.2007	31.12.2032 or until the contract ceases	Kalegran Ltd
Parent company guarantee	1,000,000 5,632,882	USD RON	14.05.2007	-	MOL Romania PP Srl.
Parent company guarantee	500,000	USD	15.09.2000	-	MOL Romania PP Srl.
Parent company guarantee	44,865	EUR	12.10.2007	31.01.2008	Petrolszolg Kft.
Parent company guarantee	-	CZK*	08.02.2006	-	Slovnaft Ceska Republika s.r.o.
Parent company guarantee	-	CZK*	08.02.2006	-	Slovnaft Ceska Republika s.r.o.
Parent company guarantee	-		18.12.2001	-	MOL Reinsurance Ltd

Note: If the amounts or maturity dates are not indicated, the guarantee is not specified in terms of an amount or maturity,

*Foreign currency is not determined in the guarantee but parent company concluded Individual Bilateral Loan Agreement denominated in CZK with the bank,

57. MOL Nyrt.'s securities offered as security deposit on 31 December 2007

On 31 December 2007, MOL Nyrt. did not have any shares placed as a security deposit.

58. Events after the preparation of Balance Sheet

Capital increase in MOL Földgázszállító Zrt.

On 1 January 2008 MOL Nyrt. increased share capital of MOL Földgázszállító Zrt. with newly issued shares by way of private placement by the amount of HUF 2,236 million to the amount of HUF 15,445 million. 2,236 pieces ordinary shares were issued with the nominal value of HUF 1 million per shares. Issue price was HUF 1,174,000 per share fulfilled by MOL completely by contribution in kind (industrial telecommunication network assets brought into the business) toward MOL Földgázszállító Zrt. The capital increase was registered by the Court of Registration on 29 January 2008.

Strategic Alliance with OOC

On 8 March 2008 MOL signed a strategic co-operation agreement with Oman Oil Company S.A.O.C. (OOC). Within the framework of the alliance, MOL sells 8,774,040 "A" series ordinary shares, equivalent to 8% of the registered capital of MOL, at a price of USD 145.429 per share to OOC. As part of the strategic co-operation MOL would take over certain international assets and receive cash from OOC. Final set of cash and assets to be received by MOL can change depending on the necessary consents and waivers on pre-emption rights from the relevant third parties regarding certain assets. In addition, the two partners have agreed in a joint development of future business opportunities as strategic partners. Closing of asset transactions will take place not later than 31 December 2008.

BNP-ING option transfer

On 14 March 2008 MOL, BNP Paribas SA ("BNP") and ING Bank N.V. ("ING") signed an agreement whereby MOL has appointed ING to exercise its call option on 1,404,217 "A" series MOL ordinary shares held by BNP, pursuant to which ING purchased these shares from BNP. Following completion of the transaction, MOL received an American call option on 1,404,217 "A" series MOL shares from ING, and ING received a European put option on the same number of MOL shares from MOL. The maturity for both options is 1 year and the exercise price is USD 109.84 per share. The exercise price is based on option agreement concluded between MOL and BNP in December 2007. The transaction has no impact on the accounting treatment of these shares with put and call options attached.