

**REGIONAL DEVELOPMENT COMPANY PLC.
CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS**

ON THE BUSINESS YEAR ENDING 31 DECEMBER 2007

9

**REGIONAL DEVELOPMENT COMPANY PLC.
CONSOLIDATED FINANCIAL STATEMENTS**

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INDEPENDENT AUDITOR'S REPORT

for the shareholders of RFV Regional Development Company Plc:

We have audited the attached 2008 consolidated annual financial report of RFV Regional Development Company Plc. (hereinafter: "the Company"), which comprises the balance sheet prepared with respect to the balance sheet date of 31 December 2008 – showing a matching total of assets and liabilities of HUF 4,353,868 thousand and a balance-sheet profit due to the shareholders of HUF 288,658 thousand – as well as the consolidated income statement for the year ending on that date, a consolidated cash-flow statement, a consolidated statement of shareholders' equity, and notes to the financial statements containing the key elements of the accounting policies and other explanatory notes.

The management's responsibility for the annual financial report

The preparation and fair presentation of the consolidated annual financial report in accordance with International Financial Reporting Standards, as approved by the EU, is the responsibility of the management. This responsibility encompasses the development, introduction and maintenance of internal controls relevant to the preparation and fair presentation of a consolidated annual financial report that contains no material misstatements, whether arising from fraud or error, the selection and application of the appropriate accounting policy, and the use of accounting estimates that are rational under the given circumstances.

The auditor's responsibility

The auditor's responsibility is to issue an opinion on the consolidated annual financial report based on the audit conducted, and to assess the degree to which the business report and the consolidated annual financial report are consistent with each other. In the year 2006 the Company was not obliged to prepare aggregated (consolidated) annual financial statements. The audit was performed in accordance with Hungarian Auditing Standards; and with the laws and other statutory regulations – valid in Hungary – pertaining to audits, which are in accordance with International Auditing Standards. The above requirements demand that we conform to certain ethical standards, and that in the course of the planning and conducting of the audit we obtain sufficient and appropriate evidence that the consolidated annual financial report contains no material misstatements.

The audit involves the implementation of certain procedures, the aim of which is to obtain audit evidence of the amounts and disclosures contained in the consolidated annual financial report. The procedures applied, including the means of assessing the risk of the consolidated annual financial report's containing material misstatements, whether as a result of fraud or error, are selected by the auditor at its own discretion. The aim of the auditor's risk assessment is to evaluate the internal controls relevant to the preparation and fair presentation by the management of the consolidated annual financial report so as to be able to design such audit procedures as are appropriate under the circumstances rather than to state an opinion regarding the effectiveness or otherwise of the company's internal controls. The audit also extended to evaluate the appropriateness of the basic accounting principles applied and the reasonableness of the most important estimates made by the management, as well as the overall presentation of the consolidated annual financial report.

It is our conviction that the audit evidence obtained provides an adequate and appropriate basis for the issuance of the auditor's clause (opinion).

Auditor's opinion

In the course of the audit we reviewed RFV Regional Development Company Plc's consolidated annual financial report, its various sections and items, and the accounting records and accounting documents used to substantiate them, in compliance with the National Auditing Standards. Based on this review, we obtained sufficient and appropriate evidence that the consolidated annual financial report had been prepared in accordance with International Financial Reporting Standards, as approved by the EU. In our opinion, the 2007 consolidated annual financial report presents a true and fair picture of the equity, financial and income position of RFV Regional Development Company Plc. as of 31 December 2007.

The data presented in the business report is consistent with the data presented in the consolidated annual financial report.

Budapest, 10 April 2008

István Tolnai
Registered Auditor
1048 Budapest, Szépatak u. 24. 11. em. 8.
Registration number: 006931

REGIONAL DEVELOPMENT COMPANY PLC.

Consolidated Income Statement
for the annual periods ending 31 December

	Note	2007 tHUF	2006 tHUF
Net revenue from sales	3	1.873.421	947.032
Costs of sales		(1.034.836)	(361.343)
Gross profit		838.585	585.689
Material costs		78.520	229.395
Personal expenses		49.146	15.185
Services used		131.753	142.593
Other income and expenses, net		4.925	2.109
Operating costs		264.344	389.282
EBITDA		574.241	196.407
Depreciation		(94.659)	(71.343)
Profit (loss) from financial transactions		(121.932)	(64.146)
Profit before tax		357.650	60.918
Corporate tax	4	(62.318)	(8.157)
Profit after tax		295.332	52.761
External owners' share of profit		(10.594)	(290)
Net income for the period		284.738	52.471
Earnings per share (HUF)	5		
Basic		148	26
Adjusted		148	26

The notes on pages 9-24 constitute an inseparable part of the consolidated financial statements.

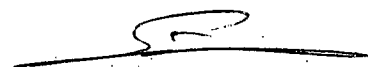
REGIONAL DEVELOPMENT COMPANY PLC.

Consolidated Balance Sheet as at 31 December

	Note	2007 tHUF	2006 tHUF
ASSETS			
Long-term assets			
Property, plant and equipment	7	4 207 337	2 271 476
Intangible assets		565	644
Goodwill		19 528	585
Total long-term assets		4 227 430	2 272 705
Current assets			
Inventories		52 637	26 238
Debtors and other short-term receivables	8	978 832	193 403
Securities		184	-
Cash and cash equivalents		93 119	186 451
Total current assets		1 124 772	406 092
Total assets		5 352 202	2 678 797
LIABILITIES			
Shareholders' equity			
Subscribed capital	9	20 000	20 000
Revaluation reserve		2 151 749	1 065 894
Profit reserve		367 325	100 056
		2 539 074	1 185 950
Share of external owners	10	16 742	4 444
Total shareholders' equity:		2 555 816	1 190 394
Long-term liabilities			
Credit/Loans	11	1 721 151	881 609
Deferred tax liabilities		25 045	5 604
		1 746 196	887 213
Short-term liabilities			
Credit/Loans	12	258 606	99 422
Creditors and other short-term liabilities	13	790 862	501 768
Provisions		722	-
		1 051 190	601 190
Total liabilities and shareholders' equity		5 352 202	2 678 797

The notes on pages 9-24 constitute an inseparable part of the consolidated financial statements.




Csaba Soós
Chairman of the Board of RFV Plc.

REGIONAL DEVELOPMENT COMPANY PLC.

Consolidated Statement of Changes in Shareholders' Equity
for the annual periods ending on 31 December

	Subscribed capital tHUF	Revaluation reserve tHUF	Profit reserve tHUF	Total tHUF	Share of external owners	Total share- holders' equity
Balance on 31 December 2005	20 000	992 917	47 585	1 060 502	4 154	1 064 656
Change in revaluation reserve		72 977		72 977		72 977
Profit (loss) after tax			52 471	52 471	290	52 761
Balance on 31 December 2006	20 000	1 065 894	100 056	1 185 950	4 444	1 190 394
Change in revaluation reserve		1 085 855		1 085 855		1 085 855
Impact of acquisitions			(17 469)	(17 469)	1 704	(15 765)
Profit (loss) after tax			284 738	284 738	10 594	295 332
Balance on 31 December 2007	20 000	2 151 749	367 325	2 539 074	16 742	2 555 816

The notes on pages 9-24 constitute an inseparable part of the consolidated financial statements.

REGIONAL DEVELOPMENT COMPANY PLC.

Consolidated Cash Flow Statement for the annual periods ending on 31 December

Operating activities	2007	2006
Profit (loss) after tax	295 332	52 761
Adjustments:		
Annual depreciation	94 659	71 343
Deferred tax	19 441	5 604
Changes in working capital		
Net change in inventories	(26 399)	(26 238)
Net change in debtor and other receivables	(785 429)	(193 403)
Net change in securities held for trading	(184)	-
Net change in creditors and other short-term liabilities	289 816	501 768
<i>Operating cash flow</i>	(112 764)	411 835
Investment activities		
Procurement of tangible and intangible assets	(979 294)	(1 226 415)
<i>Investment cash flow</i>	(979 294)	(1 226 415)
Financing activities		
Owners' contribution	-	20 000
Bank loans taken up (repaid)	998 726	981 031
<i>Financing cash flow</i>	998 726	1 101 031
Net change in cash and equivalents	(93 332)	186 451
Balance of cash and equivalents at the beginning of the year	186 451	-
Balance of cash and equivalents at the end of the year	93 119	186 451

The notes on pages 9-24 constitute an inseparable part of the consolidated financial statements.

RFV REGIONAL DEVELOPMENT COMPANY Plc.

Notes to the consolidated financial statements

I. General background

Regional Development Company Plc. ("RFV" or "Company"), which is the parent company of the corporate group, is a company registered in the Republic of Hungary, established on 12 June 2006. Its registered office is located at 1119 Budapest, Számadó u. 19. The Company's legal predecessor was established on 29 June 2000 with the aim of implementing, for its clients – primarily energy-related – investments, the costs of which are recouped from the savings they generate, and by operating these projects in the long term, efficiently supplying energy to its clients. RFV's owners, as of the balance sheet date, were Csaba Soós (61.73%) and József Makra (37.76%), with a free float of 0.52%.

The Company provides its services in the context of an ESCO (Energy Services Company) structure, which is a form of PPP (public-private partnership) arrangement specific to the energy sector. It implements energy-sector projects, in proprietary investments, which it subsequently maintains and operates in the long term following completion of the initial investment. In this manner the Company uses the assets created in the investment to provide energy services, typically under an 8-25-year contract, depending on the rate of return.

The year 2007 can be regarded as decidedly successful. Following a relatively slow start to the first quarter, which was mainly devoted to acquisition activity, events gathered pace as the year progressed. The favourable amendments to the Act on Local Government (Ötv.) and the Act on Public Finance (Áht.) paved the way for us to offer services that were more user-friendly than ever, bringing our services closer to our number one target group, the municipalities.

The establishment of joint ventures helps to ensure that local authorities retain ownership control, and municipal assets are not sold off. The new project structure developed in the first quarter quickly yielded results, and the listing of RFV's shares on the Budapest Stock Exchange further raised confidence in the corporate group.

The major contracts signed at the end of the 2nd quarter and beginning of the 3rd quarter (Józsefváros and Sárospatak) contributed greatly to our company's profitable operation in 2007, as well as laying the foundations for our 2008 acquisition plans.

In 2007 the RFV Group almost doubled its sales revenue and balance sheet total.

In 2007 we acquired a 100% interest in RFV Panelrekonstrukciós Kft. (formerly HUNESCO Kft.), and for the purpose of acquiring new business, we sold a 41% share in RFV Kivitelező és Tervező Kft. (since renamed as RFV Sárospatak Nonprofit Kft.), established RFV Beruházó Kft., which has the exclusive right to perform the construction work in our investment projects, and together with the Budapest district of Józsefváros we founded RFV Józsefváros Kft., in which we hold a 49% stake.

In our opinion, by continuing to promote the project-implementation structure developed at the beginning of 2007, and by pursuing a more active sales policy, we will be able to achieve further successes in 2008. The negotiations launched in the second half of 2007 are progressing well, and in one of these – with Veszprém County Municipality – we succeeded in reaching agreement by the time of preparing the financial statements.

From 1 January 2007 household gas prices increased dramatically, while the price of gas for non-household consumers rose steadily, but at a far lower rate. The ESCO investments carried out by the Company Group are driven by energy cost savings, so the general growth in energy prices has a beneficial effect on the return attainable on energy-saving investments. The energy price increases of previous years, and those forecast for the future, are highlighting the need for rational energy management, thereby boosting demand for the services provided by RFV Plc. At the time of preparing the financial statements electrical energy prices rose by a around 35-40% (60-70% in the deregulated

market), while gas prices in the regulated market went up by an average of 11%. Given the nine-month "delaying" effect of the formula for setting gas prices, combined with the additional 10% price increase that was justified from 1 April but did not take place, a further 30-50% rise in gas prices seems likely by the end of the year.

International expansion constitutes a part of RFV's growth policy. We have no breakthrough successes to report in this respect either 2007 or 2008 (up to the time of preparing the financial statements).

The basis for the balance sheet

The Company's consolidated financial statements have been compiled in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared using the acquisition cost principle, except where the use of other valuation principles is stipulated under IFRS, as specified in the accounting policy. The most important exception is the revaluation model applied in the case of transmission assets, which will be described in more data later on.

The RFV Group ("Group") maintains its accounting records and prepares its financial statements in accordance with the Hungarian Act on Accounting (Act C of 2000). The Group's reporting currency is the Hungarian forint. In the consolidated financial statements, unless indicated otherwise, amounts are given in HUF thousands.

In certain cases the Hungarian accounting regulations differ from the internationally recognised standards (IFRS). To ensure that the international consolidated financial statements comply with International Financial Reporting Standards, certain amendments had to be made to the Group's consolidated financial statements prepared in accordance with the Hungarian standards.

2. Important accounting principles

The important accounting principles applied in the course of compiling the financial statements are as follows:

I) Basis for consolidation

The IFRS consolidated financial statements contain the financial statements of RFV and RFV's subsidiaries as of 31 December. The members of the RFV Group are RFV and those companies over which RFV exercises control. Control is where RFV, directly or indirectly, has an ownership share of 50% or over 50% of the votes, or where RFV is entitled to appoint or dismiss the majority of members of the Board of Directors. In the consolidation process, major intra-Group balances and transactions are screened out.

The inclusion of subsidiaries among the consolidated interests begins from the date on which RFV gains control over them, and they are removed from among the consolidated interests on the date on which RFV ceases to have control over them.

In the course of acquiring subsidiaries from independent parties, acquisition accounting is applied. The acquisition cost is the acquisition-date fair value of the assets, issued shares or assumed liabilities acquired by the buyer, plus the other direct costs related to the acquisition. The part of the cost of the acquisition in excess of the share of the acquired company's net assets, valued at fair value, is recorded as goodwill. If the Group's share in the company's net assets, valued at fair value, exceeds the cost of the acquisition (negative goodwill), the Group first repeats the process of identifying the acquired assets, liabilities and contingent liabilities, and of determining their fair value, and re-measures the costs of the business combination. If the surplus remains even after this review, it must immediately be recognised as a profit or loss. If the Group acquires a further minority interest in a subsidiary that is already under the Group's control, the goodwill is the difference between the cost of the newly acquired interest and the carrying value of the acquired minority stake.

The profit or loss of subsidiaries acquired or sold in the course of the year is contained in the consolidated financial statements from the date of acquisition, or until the date of sale.

II) Foreign currency balances

Currency transactions recorded in a currency other than forint were initially recorded at the exchange rate valid on the execution date. Receivables and liabilities in foreign currency were translated into forint at the exchange rate as of the balance-sheet date, regardless of whether the recovery of the asset was deemed doubtful. Any exchange-rate differences are shown in the income statement among financial revenues or expenses.

III) Sales revenue

The revenue from sales transactions is recorded on the date of performance in accordance with the terms and conditions of the relevant supply contracts. The sales revenue does not include value added tax. All other income and expense is recognised in accordance with the comparability principle in the appropriate period.

IV) Significant estimates

In the course of compiling the IFRS financial statements, in certain cases the management has to make significant estimates and assumptions. These significant estimates and assumptions have a bearing on the values of the assets and liabilities, revenues and expenses stated in the financial statements, and the presentation of contingent assets and liabilities in the notes to the financial statements. The actual results may differ from the estimated data.

V) Property, plant and equipment

Fixed assets are recorded at acquisition cost less accumulated depreciation. Accumulated depreciation comprises the scheduled depreciation arising from the continuous use and operation of the asset, plus the costs of any unscheduled depreciation recognised as the result of any significant wear or damage arising from an unforeseen, extraordinary event.

The acquisition cost of the fixed asset includes the purchase price of the asset, and in the case of a proprietary capital investment, the arising materials and wage costs, and other direct costs. The interest paid on a loan raised to finance the investment in the fixed asset increases the acquisition cost of the asset until such time as the asset reaches the state in which it is fit for purpose.

The carrying value of the fixed assets is reviewed at predetermined intervals in order to determine whether the carrying value exceeds the asset's fair market value, since in this case the asset must be written down to the asset's fair market value. The asset's fair market value is the sale price, or the asset's value-in-use, whichever is the higher. The value-in-use is the discounted value of future cash flows generated by the asset. The discount rate includes the interest rate prior to the payment of corporate tax, factoring in the impact of the time value of money and the other risk factors related to the asset. If a future cash flow cannot be assigned specifically to the asset, then the cash flow for the unit of which the asset is a part must be used. The impairment and unscheduled depreciation thus determined is recorded in the income statement.

The repair and maintenance costs of fixed assets, and the cost of spare parts, are charged to maintenance expenses. Value-increasing investments and renovations are capitalised. The acquisition cost and accumulated depreciation of assets that have been sold, written down to zero, or are out of use, is derecognised. All gains or losses arising in this manner are recognised in the profit or loss for the given year.

In the opening IFRS balance sheet, the RFV Group made use of the opportunity to revalue its fixed assets in accordance with IFRS 1 and IAS 16. The management performed the asset-appreciation in the knowledge that this would more fairly reflect the value of the assets used in the course of operation.

The Company writes off the value of its assets using the straight-line method over the useful life of the assets. The life spans for the different asset groups are as follows:

Buildings	50 years
Structures	10 years
Plant and equipment	3-25 years
Vehicles	5 years

The Group recognises unscheduled depreciation on those of its fixed assets the net carrying value of which is not likely to be recovered based on their income-generating capacity. The Group performs the necessary calculations based on the discounting rates that accord with the long-term future cash flow plans.

VI) Intangible assets

The procurement costs of trademarks, licenses and goods and software subject to industrial rights protection are capitalised and depreciated using the straight-line method over their estimated useful life:

Concessions, licenses and similar rights, and software	3 years
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VII) Goodwill

Goodwill is the positive difference, on the acquisition date, between the procurement value and the carrying value of the identifiable net assets of the acquired subsidiary, affiliate or joint venture. Goodwill is not amortised, but every year the Group examines whether there are signs that the carrying value is not likely to be recovered. Goodwill is recorded at the acquisition cost less any impairment.

VIII) Research & Development

The costs of research and development are charged to the profit or loss.

IX) Inventories

Inventories are recorded at acquisition cost less the impairment recognised on surplus or distressed inventories, or at net realisable value, whichever is the lower. The inventory value is measured at actual acquisition cost. The prime cost of own-manufactured inventories is the weighted average purchase price of the raw materials, plus the direct wage and related costs, and the depreciation and maintenance of the production machinery.

X) Receivables

Receivables are recorded in the financial statements at nominal value less appropriate impairment recognised on estimated losses. Based on a comprehensive review of the receivables outstanding at the end of the year, an estimate has been prepared in respect of the qualified receivables.

XI) Financial assets

Financial assets that fall within the scope of IAS 39 can be classified into the following four groups: financial assets valued at fair value against profit or loss ("held for trading"), loans and receivables, investments held to maturity, and financial assets available for sale. When recording financial assets, their initial valuation takes place at fair value.

After the initial recording, those financial assets that are classified as "held for trading" or "available for sale" are valued at fair value, the unrealised price gain or loss on securities held for trading is recognised as other income (expense), while the unrealised price gain or loss on securities available for sale is recorded as a separate part of shareholders' equity until such time as the investment is sold or derecognised by any other means, or until impairment is recognised on the given investment, at which time the accumulated profit or loss recognised in shareholders' equity is recorded as a revenue.

Following their initial recognition, other long-term investments classified as "held to maturity", such as certain bonds, are recognised at amortised acquisition cost. Calculation of the amortised acquisition cost is performed until maturity, taking into consideration the discount or premium as at the time of acquisition. In the case of investments recorded at amortised acquisition cost, the profit or loss arising at the time of the investment's derecognition or impairment, and during the amortisation period, is recorded as income. In the case of exchange-traded investments, the market value is determined based on the official price quoted on the balance sheet date. In the case of securities that are not listed or traded on a stock exchange, the market value is the market value of a similar/substitute financial investment, or, if this method is not applicable, the market value is determined based on the estimated future cash flow associated with the investment.

On every balance sheet date, the Group examines whether it is necessary to recognise impairment on the financial asset or group of assets. If any circumstance arises that makes it necessary to recognise impairment on the assets recorded at amortised acquisition cost, the extent of the impairment is the difference between the asset's carrying value and the asset's future cash flows discounted by the original effective interest rate. The impairment is recorded in the income statement. If the amount of recognised impairment subsequently decreases, it is reversed, but only in an extent sufficient to ensure that the asset's carrying value does not exceed its amortised value on the balance sheet date.

Securities investments are valued at their price on the execution date, and initially at their purchase price. Short-term investments that include securities held for trading are recorded at the fair market value valid on the effective date of the next financial statements, and their value is calculated at the publicly quoted price valid on the balance sheet date. The unrealised gains and losses are recorded in the income statement. In the case of securities available for sale, unrealised gains and losses are recognised in shareholders' equity until such time as the security is sold or the decision is taken to recognise impairment, at which time the accumulated gain or loss, recognised in shareholders' equity until then, is recognised in the income statement for the given period.

XII) Derivative instruments

Derivative instruments are initially valued at purchase price, and are re-valued at fair market value on the effective date of the next financial statements.

The change in the fair market value of derivative instruments other than hedge transactions is recorded in the income statement.

XIII) Provisions

Provisioning is acceptable if the Group has a present legal or expected obligation arising from past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

XIV) Corporate tax

The extent of corporate tax is calculated based on the tax liability determined in the Act on Corporate and Dividend Tax and the decree on local business tax, adjusted by the amount of deferred tax.

Deferred tax is recognised using the liability method in the event of a temporary discrepancy arising between the tax base of assets and liabilities and the carrying value used for the preparation of the financial statements. The deferred corporate tax can be determined based on the currently effective tax rates.

Deferred tax is only recognised if it results in a possible future tax saving.

XV) Leasing

Finance leasing is where, under the terms of the lease arrangement, all the risk and costs arising from possession of the asset are borne by the lessee. All other leasing arrangements are classified as operating leasing.

In the case of finance leasing arrangements, the assets leased by the Group are classified as the Group's assets, and recorded at their market value as of the acquisition date. The liability arising towards the lessor is recorded in the balance sheet as a finance leasing liability. Costs arising in connection with the leasing arrangement, which are the differences in the fair value of the procured assets and the total leasing liability, are recognised through profit and loss across the entire term of the lease, so that they are presented as a constant, periodically manifesting expense in respect of the outstanding amount of the liability in the various periods.

They result from the difference between total liabilities and the market value of the leased asset at the time of its acquisition, and are recorded in the income statement either beyond the relevant leasing term – to ensure that changes in the balance of the residual liability can be monitored from one period to the next – or in the individual reporting periods.

3. Sales revenue

Consolidated net revenue from sales by lead product:

Product	2007 HUF million	2006 HUF million
Public lighting, lighting power regulation	242	206
Cost-effective electrical energy supply	224	181
Heating, heat supply	852	304
Catering technology	89	1
Prefabricated tower block reconstruction	18	249
Engineering consulting	251	0
Ski slope	12	0
Subtotal	1.688	941
Other	185	6
Total	1 873	947

4. Corporate tax

The rate of corporate tax was 16% both in 2007 and 2006. From 1 September 2006 the 4% supplementary corporate tax came into effect, and is calculated in a similar manner to corporate tax. The Group also records local business tax under this heading.

In Hungary at present, the range of taxes stipulated and imposed by the individual tax authorities are regulated in a number of relevant statutory provisions. These statutory provisions extend to cover, among others, value added tax, corporate and local taxes, and the taxes and contributions related to wages. The tax authorities are entitled to audit tax-related settlements, and in the event of non-compliance or a breach of law they are entitled to impose various fines and default penalties as determined by law. The management believes that the tax liabilities reported in the financial statements accord with the statutory requirements. Nevertheless, any tax authority has the right to adopt a different position, which could have a substantial impact.

	2007 tHUF	2006 tHUF
Corporate tax	42.877	2.553
Deferred tax	19.441	5.604
Total	62.318	8.157

5. Consolidated earnings per share

The basic earnings per share must be calculated based on the after-tax profit distributable among the shareholders, and the annual average number of issued ordinary shares, excluding any treasury shares.

	2007	2006
After-tax profit distributable to shareholders (tHUF)	295.332	52.761
Weighted average number of issued ordinary shares (X 1000)	2.000	2.000
Earnings per share (basic) (HUF)	148	26

In the adjusted earnings per share calculation the average number of ordinary shares in circulation must be modified with the number of ordinary shares potentially to be issued in the future. As of the balance sheet date the Company has no plans to issue such shares.

6. Subsidiaries

On 31 December 2007 the key data of the Group's subsidiaries was as follows:

<u>Name</u>	<u>Place of company registration and operations</u>	<u>Ownership share</u>	<u>Voting share</u>
RFV Esco Kft.	1119 Budapest, Számadó u. 19.	100%	100%
RFV Beruházó Kft.	1119 Budapest, Számadó u. 19.	100%	100%
RFV Sáospatak Nonprofit Kft.	3950 Sáospatak, Kossuth u. 44.	49%	67%
RFV Józsefváros Kft.	1119 Budapest, Számadó u. 19.	49%	70%
RFV Panelkonstrukciós Kft.	1119 Budapest, Számadó u. 19.	100%	100%
RFV Sípálya Kft.	8413 Eplény, Veszprémi u. 66/a	90%	90%
RFV Geotherm Kft.	1119 Budapest, Számadó u. 19.	51%	100%
RFV S.R.L.	TgMures str. Tusnad, nr. 2. a. 11.	100%	100%

The companies have been consolidated using the comprehensive consolidation method.

7. Property, plant and equipment

		Plant and equipment (tHUF)	Work in progress (tHUF)	Total (tHUF)
On 31 December 2005	-	1 778 043	1 544	1 779 587
Increase and reclassification	20 100	454 011	76 332	550 443
Decrease and reclassification		(13 459)		(13 459)
On 31 December 2006	20 100	2 218 595	77 876	2 316 571
Increase and reclassification	92 744	2 197 195	(77 876)	2 212 063
Decrease and reclassification		(183 397)		(183 397)
<u>On 31 December 2007</u>	112 844	4 232 393	-	4 345 237
Accumulated depreciation				
On 31 December 2005	-	-	-	-
Annual depreciation	-	45 095	-	45 095
On 31 December 2006	-	45 095	-	45 095
Annual depreciation	-	92 805		92 805
<u>On 31 December 2007</u>	-	137 900		137 900
Net carrying value				
On 31 December 2005	-	1 778 043	1 544	1 779 587
On 31 December 2006	20 100	2 173 500	77 876	2 271-476
On 31 December 2007	112 844	4 094 493	-	4 207 337

Of the Group's subsidiaries, the share in RFV Sípálya Kft. is mortgaged up to the amount of the loan raised by it (HUF 109 million). The remaining properties, plant and equipment owned by the Group are free of mortgages and encumbrances.

8. Debtors and other receivables

	<u>2007</u>	<u>2006</u>
Debtor receivables	557 728	94 152
Accrued income	421 104	99 251
Total	978 832	193 403

As a consequence of the dynamic growth in sales revenue the volume of receivables from debtors, as at the balance sheet date, increased significantly. The majority of debtor receivables outstanding on the balance sheet date had been settled by the time of preparing the balance sheet. The growth in public utility services, and the payment of rental fees 15 and 25 years in advance to the municipalities of Józsefváros and Sárospatak respectively, led to a significant increase in accrued income.

9. Subscribed capital

The Company's subscribed capital consists of 2,000,000 shares. The nominal value of the shares is HUF 10/share. The subscribed capital remained unchanged in 2007.

10. Share of external owners

	<u>2007</u>	<u>2006</u>
RFV Sárospatak Nonprofit Kft	10 850	2 432
RFV Sípálya Kft	964	790
RFV Geotherm Kft	1 222	1 222
RFV Józsefváros Kft	3 706	-
Total	16 742	4 444

11 Long-term credit facilities and loans

Lender	Borrower	2007	2006
Raiffeisen Bank H-1	RFV Nyrt.	-	9 993
Raiffeisen Bank H-3	RFV Nyrt	9 463	10 852
Raiffeisen Bank H-6	RFV Nyrt	5 901	6 741
Raiffeisen Bank H-7	RFV Nyrt	9 685	12 385
Raiffeisen Bank H-9	RFV Nyrt	12 547	24 016
Raiffeisen Bank H-10	RFV Nyrt	5 183	6 863
Raiffeisen Bank H-11	RFV Nyrt	10 109	13 468
Raiffeisen Bank H-18	RFV Nyrt	18 319	21 065
Raiffeisen Bank H-18/2006	RFV Nyrt	21 871	24 965
Raiffeisen Bank H-19	RFV Nyrt	22 446	25 196
Raiffeisen Bank H-19/2006	RFV Nyrt	11 123	12 689
Raiffeisen Bank H-26	RFV Nyrt	21 002	23 895
Raiffeisen Bank H-27	RFV Nyrt	19 965	22 732
Raiffeisen Bank H-22	RFV Nyrt	14 043	17 643
Raiffeisen Bank H-35	RFV Nyrt	2 190	2 443
Raiffeisen Bank H-44	RFV Nyrt	17 635	19 925
Raiffeisen Bank H-45	RFV Nyrt	72 000	95 000
Raiffeisen Bank H-53	RFV Nyrt	20 732	24 130
Raiffeisen Bank H-54	RFV Nyrt	15 268	17 771
Raiffeisen Bank H-56	RFV Nyrt	17 428	19 703
Raiffeisen Bank H-82	RFV Nyrt	5 680	7 724
Raiffeisen Bank H-83	RFV Nyrt	17 627	20 342
Raiffeisen Bank H-84	RFV Nyrt	33 375	38,516
Raiffeisen Bank H-98	RFV Nyrt	105 230	105 230
Raiffeisen Bank H-96	RFV Nyrt	23 660	27 225
Raiffeisen Bank H-24/2007	RFV Nyrt	12 960	-
Raiffeisen Bank H-56/2007	RFV Nyrt	518 206	-
Raiffeisen Bank H-72	RFV Nyrt	5 146	-
Raiffeisen Bank H-104	RFV Nyrt	18 608	-
Raiffeisen Bank H-105	RFV Nyrt	15 759	-
Raiffeisen Bank H-108	RFV Nyrt	23 881	-
Raiffeisen Bank H-109	RFV Nyrt	6 284	-
H52/2005	RFV Esco Kft	42 800	53 000
H51/2005	RFV Esco Kft	114 600	131 400
H96/2006	RFV Esco Kft	96 158	-
SATO-H1/2007	RFV Esco Kft	268 411	-
Raiffeisen loan PFS-05-11-02	RFV Sípalya Kft	78 000	65 391
Raiffeisen loan PFS-05-11-03	RFV Sípalya Kft	-	16 355
Finance lease liability	RFV Nyrt	2 998	4 951
Finance lease liability	RFV Saróspatak Nónprofit Kft	4 858	-
Total:		1 721 151	881 609

12 Short-term credit facilities and loans

Lender	Borrower	2007	2006
Raiffeisen Bank K-1	RFV Nyrt	-	1 067
Raiffeisen Bank K-2	RFV Nyrt	-	6 270
Raiffeisen Bank H-1	RFV Nyrt	-	914
Raiffeisen Bank H-3	RFV Nyrt	1 379	1 229
Raiffeisen Bank H-6	RFV Nyrt	840	720
Raiffeisen Bank H-7	RFV Nyrt	2 700	2 340
Raiffeisen Bank H-9	RFV Nyrt	11 353	10 137
Raiffeisen Bank H-10	RFV Nyrt	1 680	1 485
Raiffeisen Bank H-11	RFV Nyrt	3 360	3 000
Raiffeisen Bank H-18	RFV Nyrt	2 731	2 430
Raiffeisen Bank H-18/2006	RFV Nyrt	3 057	2 707
Raiffeisen Bank H-19	RFV Nyrt	2 732	2 426
Raiffeisen Bank H-19/2006	RFV Nyrt	1 555	1 385
Raiffeisen Bank H-26	RFV Nyrt	2 822	2 505
Raiffeisen Bank H-27	RFV Nyrt	2 734	2 420
Raiffeisen Bank H-22	RFV Nyrt	3 600	3 240
Raiffeisen Bank H-32	RFV Nyrt	-	594
Raiffeisen Bank H-30	RFV Nyrt	-	5 555
Raiffeisen Bank H-35	RFV Nyrt	251	222
Raiffeisen Bank H-44	RFV Nyrt	2 273	2 023
Raiffeisen Bank H-45	RFV Nyrt	23 000	5 000
Raiffeisen Bank H-53	RFV Nyrt	3 374	3 009
Raiffeisen Bank H-54	RFV Nyrt	2 484	2 216
Raiffeisen Bank H-56	RFV Nyrt	2 246	1 987
Raiffeisen Bank H-82	RFV Nyrt	2 031	2 213
Raiffeisen Bank H-83	RFV Nyrt	2 683	2 379
Raiffeisen Bank H-84	RFV Nyrt	5 079	4 504
Raiffeisen Bank H-98	RFV Nyrt	-	-
Raiffeisen Bank H-96	RFV Nyrt	3 524	3 124
Raiffeisen Bank H-24/2007	RFV Nyrt	1 414	-
Raiffeisen Bank H-56/2007	RFV Nyrt	35 265	-
Raiffeisen Bank H-72	RFV Nyrt	524	-
Raiffeisen Bank H-104	RFV Nyrt	2 138	-
Raiffeisen Bank H-105	RFV Nyrt	1 810	-
Raiffeisen Bank H-108	RFV Nyrt	2 744	-
Raiffeisen Bank H-109	RFV Nyrt	722	-
H51-52/2005, H96/2006	RFV Esco Kft	90 809	18 000
Raiffeisen loan PFS-05-11-02	RFV Sípálya Kft	31 000	-
Finance lease liability	RFV Nyrt	1 842	2 521
Finance lease liability	RFV Sárospatak Kft	1 050	-
Other:	RFV Esco Kft	1 800	1 800
Total:		258 606	99 422

The Group's credit and loans were taken up for the financing of energy-sector investments related to its core activity. The loans typically have terms of 5-10 years. The currency of the loans is forint in all cases, and the interest is linked to BUBOR. The majority of the loans are backed by a surety guarantee from the municipalities involved, while the financial institution establishes a pledge on receivables arising from the individual investments. If the loan is not raised by RFV Plc but by one of its subsidiaries, the parent company assumes a surety guarantee up to the amount of the obligation, in place of the municipality's surety guarantee.

13 Creditors and other liabilities

	<u>2007</u>	<u>2006</u>
Creditors and other liabilities	581 061	334 798
Accrued expense	209 801	166 970
Total:	790 862	501 768

14 Deferred tax

Deferred corporate tax is calculated using the liability method, based on temporary differences

	<u>2007</u>	<u>2006</u>
	tHUF	tHUF
Deferred tax assets	7 203	235
Deferred tax liabilities	(32 248)	(5 839)
Net balance on 31 December:	(25 045)	(5 604)

15 Risk management

The Group has numerous investments in companies that operate in turbulent economies. The value of these investments is linked to the risk of a potential weakening of the local currency, although this risk is substantially mitigated by the assumption that the market value of non-financial assets could remain unchanged. Investments that are essentially based on financial assets are fully exposed to the risk of currency depreciation.

Credit risk – the Group has key clients in numerous regions. The management constantly nurtures close relationships with the Group's most important clients. The extent of provisions set aside for qualified receivables is determined by the Group's management on the basis of past experience and the prevailing economic environment.

The receivables risk of liquid assets and forward financial instruments is limited.

Since the risk exposure is spread across many of the Group's partners and customers, the Group has no significant concentration of receivables risk.

16 Capital investment undertakings

	2007 tHUF	2006 tHUF
Investment set forth in a contract, but not featuring in the financial statements (Józsefváros)	205.200	0
Investment set forth in a contract, but not featuring in the financial statements (Sárospatak)	195.000	0

There were no investment commitments as of 31 December 2006.

17 Surety guarantees assumed in respect of Group members and third parties

	2007 tHUF	2006 tHUF
A) RFV Esco Kft – ÁNTSZ project – surety guarantee	214.500	214.500
B) RFV Esco Kft – Hódmezővásárhely project – surety guarantee	117.500	0
C) RFV Esco Kft – Sárospatak project – surety guarantee	327.000	0
D) RFV Sípálya Kft – investment credit – surety guarantee	109.000	0
E) RFV Sípálya Kft – on state aid – surety guarantee	66.745	66.745

18 CONTINGENT AND FUTURE LIABILITIES

Legal disputes

By the balance sheet date, various damage claims had been filed against the Group and various legal proceedings were ongoing which by their nature constitute a part of normal business operations. The extent of these claims and legal proceedings was on a par with the extent of claims and legal proceedings in the previous year.

In the Group's judgement, the claims filed against it and the litigated receivables have no material impact on its financial situation, future operating profit or cash flow, although guarantees cannot be given in respect of the final outcome of the claims and litigated receivables.

Insurance

The Group has the necessary insurance policies, providing adequate cover

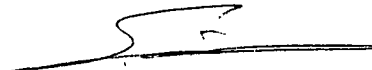
The asset and business interruption insurance policies cover the replacement value of the Group's assets and the net profit and overhead costs lost as the result of any defined event

The general, environmental and employer's liability insurance policies provide indemnity coverage for possible damages to third parties and employees

Declaration of responsibility

I the undersigned, Csaba Soós, Chairman of the Board of Directors of RFV Plc , hereby declare that to the best of our knowledge the attached annual financial statements contain data and statements that reflect reality, and do not omit any fact that that could have a bearing on the assessment of RFV Plc 's situation We recognise that pursuant to the Capital Market Act RFV Plc , as issuer, is liable to indemnify for any damages arising from a failure to fulfil its regular and extraordinary disclosure obligations, or from the misleading content of information so provided

Budapest, 10 April 2008



Csaba Soós
Chairman of the Board of RFV Plc

**REGIONAL DEVELOPMENT COMPANY PLC.
CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS**

ON THE BUSINESS YEAR ENDING 31 DECEMBER 2008

**REGIONAL DEVELOPMENT COMPANY PLC.
CONSOLIDATED FINANCIAL STATEMENTS**

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2

INDEPENDENT AUDITOR'S REPORT

for the shareholders of RFV Regional Development Company Plc:

We have audited the attached 2008 consolidated annual financial report of RFV Regional Development Company Plc. (hereinafter: "the Company"), which comprises the balance sheet prepared with respect to the balance sheet date of 31 December 2008 – showing a matching total of assets and liabilities of HUF 4,353,868 thousand and a balance-sheet profit due to the shareholders of HUF 288,658 thousand – as well as the consolidated income statement for the year ending on that date, a consolidated cash-flow statement, a consolidated statement of shareholders' equity, and notes to the financial statements containing the key elements of the accounting policies and other explanatory notes.

The management's responsibility for the annual financial report

The preparation and fair presentation of the consolidated annual financial report in accordance with International Financial Reporting Standards, as approved by the EU, is the responsibility of the management. This responsibility encompasses the development, introduction and maintenance of internal controls relevant to the preparation and fair presentation of a consolidated annual financial report that contains no material misstatements, whether arising from fraud or error, the selection and application of the appropriate accounting policy, and the use of accounting estimates that are rational under the given circumstances.

The auditor's responsibility

The auditor's responsibility is to issue an opinion on the consolidated annual financial report based on the audit conducted, and to assess the degree to which the business report and the consolidated annual financial report are consistent with each other.

The audit was performed in accordance with Hungarian Auditing Standards, and with the laws and other statutory regulations – valid in Hungary – pertaining to audits, which are in accordance with International Auditing Standards. The above requirements demand that we conform to certain ethical standards, and that in the course of the planning and conducting of the audit we obtain sufficient and appropriate evidence that the consolidated annual financial report contains no material misstatements.

The audit involves the implementation of certain procedures, the aim of which is to obtain audit evidence of the amounts and disclosures contained in the consolidated annual financial report. The procedures applied, including the means of assessing the risk of the consolidated annual financial report's containing material misstatements, whether as a result of fraud or error, are selected by the auditor at its own discretion. The aim of the auditor's risk assessment is to evaluate the internal controls relevant to the preparation and fair presentation by the management of the consolidated annual financial report so as to be able to design such audit procedures as are appropriate under the circumstances rather than to state an opinion regarding the effectiveness or otherwise of the company's internal controls. The audit also extended to evaluate the appropriateness of the basic accounting principles applied and the reasonableness of the most important estimates made by the management, as well as the overall presentation of the consolidated annual financial report.

It is our conviction that the audit evidence obtained provides an adequate and appropriate basis for the issuance of the auditor's clause (opinion).

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Auditor's opinion

In the course of the audit we reviewed RFV Regional Development Company Plc's consolidated annual financial report, its various sections and items, and the accounting records and accounting documents used to substantiate them, in compliance with the National Auditing Standards. Based on this review, we obtained sufficient and appropriate evidence that the consolidated annual financial report had been prepared in accordance with International Financial Reporting Standards, as approved by the EU. In our opinion, the 2008 consolidated annual financial report presents a true and fair picture of the equity, financial and income position of RFV Regional Development Company Plc. as of 31 December 2008.

The data presented in the business report is consistent with the data presented in the consolidated annual financial report.

Budapest, 10 April 2009

István Tolnai
Member of the Chamber of Auditors
1048 Budapest, Szépatak u. 24. 11. em. 8.
Membership no. of the Chamber of Auditors: 006931

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REGIONAL DEVELOPMENT COMPANY PLC.

Consolidated Income Statement
for the annual periods ending 31 December

	Note	2008 tHUF	2007 tHUF (amended, see note 1.2)
Net revenue from sales	3	3 221 048	1 873 421
Costs of sales		(2 067 540)	(1 034 836)
Gross profit		1 153 508	838 585
Material costs		123 244	78 520
Personal expenses		148 257	49 146
Services used		191 739	131 753
Other income and expenses, net		10 211	(10 827)
Operating costs		473 451	248 592
EBITDA		680 057	589 993
Depreciation		(129 708)	(94 659)
Profit (loss) from financial transactions		(173 444)	(121 932)
Profit before tax		376 905	373 402
Income taxes	4	(97 757)	(78 070)
Profit after tax		279 148	295 332
External owners' share of profit		9 510	(10 594)
Net income for the period		288 658	284 738
Earnings per share (HUF)	5		
Basic		140	148
Adjusted		140	148

The notes on pages 8-27 constitute an inseparable part of the consolidated financial statements.

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REGIONAL DEVELOPMENT COMPANY PLC.

Consolidated Balance Sheet as at 31 December

	Note	2008 tHUF	2007 tHUF (amended, see note 1.2.)
ASSETS			
Long-term assets			
Property, plant and equipment	7	2 177 874	2 013 321
Intangible assets		17 126	565
Goodwill		19 201	19 528
Total long-term assets		2 214 201	2 033 414
Current assets			
Inventories		93 291	52 637
Debtors and other short-term receivables	8	1 904 883	978 832
Securities		-	184
Cash and cash equivalents		141 493	93 119
Total current assets		2 139 667	1 124 772
Total assets		4 353 868	3 158 186
LIABILITIES			
Shareholders' equity			
Subscribed capital	9	20 000	20 000
Revaluation reserve		-	-
Profit reserve		624 191	326 023
		644 191	346 023
Share of external owners	10	6 267	15 777
Total shareholders' equity:		650 458	361 800
Long-term liabilities			
Credit/Loans	11	2 004 613	1 721 151
Deferred tax liabilities		68 857	25 045
Other long-term liabilities		5 758	-
		2 079 228	1 746 196
Short-term liabilities			
Credit/Loans	12	446 962	258 606
Creditors and other short-term liabilities	13	1 177 220	790 862
Provisions		-	722
		1 624 182	1 050 190
Total liabilities and shareholders' equity		4 353 868	3 158 186

The notes on pages 8-27 constitute an inseparable part of the consolidated financial statements.

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REGIONAL DEVELOPMENT COMPANY PLC.

Consolidated Statement of Changes in Shareholders' Equity
for the annual periods ending on 31 December

	Notes	Subscribed capital tHUF	Revaluation reserve tHUF	Profit reserve tHUF	Total tHUF	Share of external owners	Total shareholders' equity
Balance on 31 December 2006		20 000	1 065 894	100 056	1 185 950	4 444	1 190 394
Change in revaluation reserve			1 085 855		1 085 855		1 085 855
Impact of acquisitions				(17 469)	(17 469)	1 704	(15 765)
Profit (loss) after tax				284 738	284 738	10 594	295 332
Balance on 31 December 2007		20 000	2 151 749	367 325	2 539 074	16 742	2 555 816
Change in accounting policy	1.2		(2 151 749)	(41 302)	(2 193 051)	(965)	(2 194 016)
Modified balance		20 000	-	326 023	346 023	15 777	361 800
Profit (loss) after tax				298 168	298 168	(9 510)	288 658
Balance on 31 December 2008		20 000	-	624 191	644 191	6 267	650 458

The notes on pages 8-27 constitute an inseparable part of the consolidated financial statements.

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REGIONAL DEVELOPMENT COMPANY PLC.

Consolidated Cash Flow Statement for the annual periods ending on 31 December

Operating activities	2008	2007
Profit (loss) after tax	279 148	295 332
Adjustments:		
Annual depreciation	129 708	94 659
Deferred tax	43 812	19 441
Changes in working capital		
Net change in inventories	(40 654)	(26 399)
Net change in debtor and other receivables	(926 051)	(785 429)
Net change in securities held for trading	184	(184)
Net change in creditors and other short-term liabilities	358 637	289 816
<i>Operating cash flow</i>	(155 216)	(112 764)
Investment activities		
Procurement of tangible and intangible assets	(268 228)	(979 294)
<i>Investment cash flow</i>	(268 228)	(979 294)
Financing activities		
Bank loans taken up (repaid)	471 818	998 726
<i>Financing cash flow</i>	471 818	998 726
Net change in cash and equivalents	48 374	(93 332)
Balance of cash and equivalents at the beginning of the year	93 119	186 451
Balance of cash and equivalents at the end of the year	141 493	93 119

The notes on pages 8-27 constitute an inseparable part of the consolidated financial statements.

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RVF REGIONAL DEVELOPMENT COMPANY Plc.

Notes to the consolidated financial statements

I. General background

Regional Development Company Plc. ("RFV" or "Company"), which is the parent company of the corporate group, is a company registered in the Republic of Hungary, established on 12 June 2006. Its registered office is located at 1119 Budapest, Számadó u. 19. The Company's legal predecessor was established on 29 June 2000 with the aim of implementing, for its clients – primarily energy-related – investments, the costs of which are recouped from the savings they generate, and by operating these projects in the long term, efficiently supplying energy to its clients. RFV's owners, as of the balance sheet date, were Csaba Soós (60.10%) and József Makra (36.48%), with a free float of 3.42%.

The Company provides its services in the context of an ESCO (Energy Services Company) structure, which is a form of PPP (public-private partnership) arrangement specific to the energy sector. It implements energy-sector projects, in proprietary investments, which it subsequently maintains and operates in the long term following completion of the initial investment. In this manner the Company uses the assets created in the investment to provide energy services, typically under an 8-15-year contract, depending on the rate of return.

1.1. The basis for the balance sheet

The Company's consolidated financial statements have been compiled in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared using the acquisition cost principle, except where the use of other valuation principles is stipulated under IFRS, as specified in the accounting policy. The most important exception is the revaluation model applied in the case of transmission assets, which will be described in more data later on.

The RFV Group ("Group") maintains its accounting records and prepares its financial statements in accordance with the Hungarian Act on Accounting (Act C of 2000). The Group's reporting currency is the Hungarian forint. In the consolidated financial statements, unless indicated otherwise, amounts are given in HUF thousands.

In certain cases the Hungarian accounting regulations differ from the internationally recognised standards (IFRS). To ensure that the international consolidated financial statements comply with International Financial Reporting Standards, certain amendments had to be made to the Group's consolidated financial statements prepared in accordance with the Hungarian standards.

1.2. Change in accounting policy

In 2008 the Group changed its accounting policy with regard to the valuation of property, plant and equipment. Previously the Group has applied the revaluation model as an alternative to the IAS 16 Property, plant and equipment standard; however, in 2008 it switched over to the acquisition cost principle in the interest of giving a true and fair representation of these costs. As a result of the change in accounting policy, the Group amended its balance sheet and income statement for the period ending 31 December 2007, and has highlighted the impact of this in the table of changes to shareholders' equity.

In accordance with the standard for reporting income taxes, the Group states taxes on income below the pre-tax profit/loss line. In keeping with this policy, in the income statements for the 2008 and 2007 financial years local business tax, formerly recognised among other expenses, was reclassified as a tax on income.

2. Important accounting principles

The important accounting principles applied in the course of compiling the financial statements are as follows:

I) Basis for consolidation

The IFRS consolidated financial statements contain the financial statements of RFV and RFV's subsidiaries as of 31 December. The members of the RFV Group are RFV and those companies over which RFV exercises control. Control is where RFV, directly or indirectly, has an ownership share of 50% or over 50% of the votes, or where RFV is entitled to appoint or dismiss the majority of members of the Board of Directors. In the consolidation process, major intra-Group balances and transactions are screened out.

The inclusion of subsidiaries among the consolidated interests begins from the date on which RFV gains control over them, and they are removed from among the consolidated interests on the date on which RFV ceases to have control over them.

In the course of acquiring subsidiaries from independent parties, acquisition accounting is applied. The acquisition cost is the acquisition-date fair value of the assets, issued shares or assumed liabilities acquired by the buyer, plus the other direct costs related to the acquisition. The part of the cost of the acquisition in excess of the share of the acquired company's net assets, valued at fair value, is recorded as goodwill. If the Group's share in the company's net assets, valued at fair value, exceeds the cost of the acquisition (negative goodwill), the Group first repeats the process of identifying the acquired assets, liabilities and contingent liabilities, and of determining their fair value, and re-measures the costs of the business combination. If the surplus remains even after this review, it must immediately be recognised as a profit or loss. If the Group acquires a further minority interest in a subsidiary that is already under the Group's control, the goodwill is the difference between the cost of the newly acquired interest and the carrying value of the acquired minority stake.

The profit or loss of subsidiaries acquired or sold in the course of the year is contained in the consolidated financial statements from the date of acquisition, or until the date of sale.

II) Foreign currency balances

Currency transactions recorded in a currency other than forint were initially recorded at the exchange rate valid on the execution date. Receivables and liabilities in foreign currency were translated into forint at the exchange rate as of the balance-sheet date, regardless of whether the recovery of the asset was deemed doubtful. Any exchange-rate differences are shown in the income statement among financial revenues or expenses.

III) Sales revenue

The revenue from sales transactions is recorded on the date of performance in accordance with the terms and conditions of the relevant supply contracts. The sales revenue does not include value added tax. All other income and expense is recognised in accordance with the comparability principle in the appropriate period.

IV) Significant estimates

In the course of compiling the IFRS financial statements, in certain cases the management has to make

significant estimates and assumptions. These significant estimates and assumptions have a bearing on the values of the assets and liabilities, revenues and expenses stated in the financial statements, and the presentation of contingent assets and liabilities in the notes to the financial statements. The actual results may differ from the estimated data.

V) Property, plant and equipment

Fixed assets are recorded at acquisition cost less accumulated depreciation. Accumulated depreciation comprises the scheduled depreciation arising from the continuous use and operation of the asset, plus the costs of any unscheduled depreciation recognised as the result of any significant wear or damage arising from an unforeseen, extraordinary event.

The acquisition cost of the fixed asset includes the purchase price of the asset, and in the case of a proprietary capital investment, the arising materials and wage costs, and other direct costs. The interest paid on a loan raised to finance the investment in the fixed asset increases the acquisition cost of the asset until such time as the asset reaches the state in which it is fit for purpose.

The carrying value of the fixed assets is reviewed at predetermined intervals in order to determine whether the carrying value exceeds the asset's fair market value, since in this case the asset must be written down to the asset's fair market value. The asset's fair market value is the sale price, or the asset's value-in-use, whichever is the higher. The value-in-use is the discounted value of future cash flows generated by the asset. The discount rate includes the interest rate prior to the payment of corporate tax, factoring in the impact of the time value of money and the other risk factors related to the asset. If a future cash flow cannot be assigned specifically to the asset, then the cash flow for the unit of which the asset is a part must be used. The impairment and unscheduled depreciation thus determined is recorded in the income statement.

The repair and maintenance costs of fixed assets, and the cost of spare parts, are charged to maintenance expenses. Value-increasing investments and renovations are capitalised. The acquisition cost and accumulated depreciation of assets that have been sold, written down to zero, or are out of use, is derecognised. All gains or losses arising in this manner are recognised in the profit or loss for the given year.

The Company writes off the value of its assets using the straight-line method over the useful life of the assets. The life spans for the different asset groups are as follows:

Buildings	50 years
Structures	10 years
Plant and equipment	3-25 years
Vehicles	5 years

The Group recognises unscheduled depreciation on those of its fixed assets the net carrying value of which is not likely to be recovered based on their income-generating capacity. The Group performs the necessary calculations based on the discounting rates that accord with the long-term future cash flow plans.

VI) Intangible assets

The procurement costs of trademarks, licenses and goods and software subject to industrial rights protection are capitalised and depreciated using the straight-line method over their estimated useful life:

Concessions, licenses and similar rights, and software	3 years
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VII) Goodwill

Goodwill is the positive difference, on the acquisition date, between the procurement value and the carrying value of the identifiable net assets of the acquired subsidiary, affiliate or joint venture. Goodwill is not amortised, but every year the Group examines whether there are signs that the carrying value is not likely to be recovered. Goodwill is recorded at the acquisition cost less any impairment.

VIII) Research & Development

The costs of research and development are charged to the profit or loss.

IX) Inventories

Inventories are recorded at acquisition cost less the impairment recognised on surplus or distressed inventories, or at net realisable value, whichever is the lower. The inventory value is measured at actual acquisition cost. The prime cost of own-manufactured inventories is the weighted average purchase price of the raw materials, plus the direct wage and related costs, and the depreciation and maintenance of the production machinery.

X) Receivables

Receivables are recorded in the financial statements at nominal value less appropriate impairment recognised on estimated losses. Based on a comprehensive review of the receivables outstanding at the end of the year, an estimate has been prepared in respect of the qualified receivables.

XI) Financial assets

Financial assets that fall within the scope of IAS 39 can be classified into the following four groups: financial assets valued at fair value against profit or loss ("held for trading"), loans and receivables, investments held to maturity, and financial assets available for sale. When recording financial assets, their initial valuation takes place at fair value.

After the initial recording, those financial assets that are classified as "held for trading" or "available for sale" are valued at fair value, the unrealised price gain or loss on securities held for trading is recognised as other income (expense), while the unrealised price gain or loss on securities available for sale is recorded as a separate part of shareholders' equity until such time as the investment is sold or derecognised by any other means, or until impairment is recognised on the given investment, at which time the accumulated profit or loss recognised in shareholders' equity is recorded as a revenue.

Following their initial recognition, other long-term investments classified as "held to maturity", such as certain bonds, are recognised at amortised acquisition cost. Calculation of the amortised acquisition cost is performed until maturity, taking into consideration the discount or premium as at the time of acquisition. In the case of investments recorded at amortised acquisition cost, the profit or loss arising at the time of the investment's derecognition or impairment, and during the amortisation period, is recorded as income. In the case of exchange-traded investments, the market value is determined based on the official price quoted on the balance sheet date. In the case of securities that are not listed or traded on a stock exchange, the market value is the market value of a similar/substitute financial investment, or, if this method is not applicable, the market value is determined based on the estimated future cash flow associated with the investment.

On every balance sheet date, the Group examines whether it is necessary to recognise impairment on the financial asset or group of assets. If any circumstance arises that makes it necessary to recognise impairment on the assets recorded at amortised acquisition cost, the extent of the impairment is the

difference between the asset's carrying value and the asset's future cash flows discounted by the original effective interest rate. The impairment is recorded in the income statement. If the amount of recognised impairment subsequently decreases, it is reversed, but only in an extent sufficient to ensure that the asset's carrying value does not exceed its amortised value on the balance sheet date.

Securities investments are valued at their price on the execution date, and initially at their purchase price. Short-term investments that include securities held for trading are recorded at the fair market value valid on the effective date of the next financial statements, and their value is calculated at the publicly quoted price valid on the balance sheet date. The unrealised gains and losses are recorded in the income statement. In the case of securities available for sale, unrealised gains and losses are recognised in shareholders' equity until such time as the security is sold or the decision is taken to recognise impairment, at which time the accumulated gain or loss, recognised in shareholders' equity until then, is recognised in the income statement for the given period.

XII) Derivative instruments

Derivative instruments are initially valued at purchase price, and are re-valued at fair market value on the effective date of the next financial statements.

The change in the fair market value of derivative instruments other than hedge transactions is recorded in the income statement.

XIII) Provisions

Provisioning is acceptable if the Group has a present legal or expected obligation arising from past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

XIV) Corporate tax

The extent of corporate tax is calculated based on the tax liability determined in the Act on Corporate and Dividend Tax and the decree on local business tax, adjusted by the amount of deferred tax.

Deferred tax is recognised using the liability method in the event of a temporary discrepancy arising between the tax base of assets and liabilities and the carrying value used for the preparation of the financial statements. The deferred corporate tax can be determined based on the currently effective tax rates.

Deferred tax is only recognised if it results in a possible future tax saving.

XV) Leasing

Finance leasing is where, under the terms of the lease arrangement, all the risk and costs arising from possession of the asset are borne by the lessee. All other leasing arrangements are classified as operating leasing.

In the case of finance leasing arrangements, the assets leased by the Group are classified as the Group's assets, and recorded at their market value as of the acquisition date. The liability arising towards the lessor is recorded in the balance sheet as a finance leasing liability. Costs arising in connection with the leasing arrangement, which are the differences in the fair value of the procured assets and the total leasing liability, are recognised through profit and loss across the entire term of the lease, so that they are presented as a constant, periodically manifesting expense in respect of the outstanding amount of the

liability in the various periods.

They result from the difference between total liabilities and the market value of the leased asset at the time of its acquisition, and are recorded in the income statement either beyond the relevant leasing term – to ensure that changes in the balance of the residual liability can be monitored from one period to the next – or in the individual reporting periods.

Effective standards, amendments and interpretations applied by the Group in 2008

IAS 39 Financial instruments: Recognition and measurement (amended).

On 14 October 2008 the IASB published the amendments to IAS and IFRS 7 Financial instruments: Disclosures. The amendments pertain to the reclassification of financial instruments measured at fair value through profit or loss, which until then had not been permitted. The amendment now makes reclassification possible under exceptional circumstances. If a company makes use of this opportunity, IFRS 7 stipulates additional disclosure requirements. The amendments have no impact on the Group's shareholders' equity and profit or loss, or on its financial statements, since the Group has not performed such reclassification and does not plan to do so. The amendment took effect in July 2008 and has also been accepted by the EU.

IFRIC 11 Interpretation of IFRS 2 – Group and Treasury Share Transactions.

IFRS 2 did not specify precisely how to account for situations where the employees of a subsidiary receive the shares of the parent company as a benefit. IFRIC 11 clarifies the fact that certain transactions are accounted for as a cash-settled share-based payment transaction under IFRS 2. IFRS 2 also applies to share-based transactions involving two or more units within a group. The Group has applied this interpretation since 1 January 2008, although no transactions to which it applies have occurred. The interpretation is also accepted by the EU.

IFRIC 12 Service Concession Arrangements.

This interpretation applies to companies that are party to concession arrangements related to the provision of services, and gives guidance on the settlement of public-private-partnership service concessions at the service provider. Although the EU has not yet accepted this interpretation, the Group has always interpreted the relevant standards similarly to the IFRIC issued by the IASB. The Group has applied the interpretation since 1 January 2008.

Standards, amendments and interpretations effective in 2008 but not relevant from the perspective of the Group

IFRIC 14 Interpretation of IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions.

IFRIC 14 gives general guidance on how to determine the limit placed by IAS 19 (Employee Benefits) on the amount of a surplus in a pension plan that may be recognised as an asset. It also explains how the requirement affects the assets and liabilities of the pension plan. This interpretation does not affect the Group, since the Group has no pension plan that pays a specified annuity. The interpretation is also accepted by the EU.

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Amendments to and interpretations of existing standards, and new standards, which are not yet effective and which the Group will not apply before they take effect

- IAS 1** Presentation of Financial Statements (revised)
The revised IAS 1 specifies the comprehensive requirements for the presentation of financial statements, and gives guidance with regard to structural and minimum content requirements. The Group has applied the amendment to the standard since 1 January 2009. The Group does not expect the revised IAS 1 to result in significant changes in the presentation of the Group's financial statements. The standard has also been accepted by the EU.
- IAS 23** Borrowing Costs (revised in March 2007)
Under the revised IAS 23 standard, companies must capitalise the borrowing costs directly related to the procurement, manufacturing and production of qualifying assets. The Group does not expect the rules of the revised IAS 23 standard to have an impact on the Group's financial statements, since the Group's accounting policy has always prescribed the capitalisation of borrowing costs that can be allocated to qualifying assets. The interpretation has also been accepted by the EU.
- IFRS 2** (amended) In January 2008 the IASB published its amendment to the IFRS 2 Share-based payment standard. The main amendments and clarifications relate to the conditions for transfer, and to withdrawals. The changes to IFRS 2 must be applied in financial years beginning on 1 January 2009 or after. The Group does not have any share-based payments, and therefore the amended IFRS 2 is not likely to have a material impact on the Group. The amended standard has also been accepted by the EU.
- IFRS 3, IAS 27** (amended) In January 2008 the IASB published the amended versions of IFRS 3 Business combinations and IAS 27 Consolidated and separate financial statements. The most important changes are as follows:
- IFRS 3 permits the fair-value measurement of any existing non-controlling interest in an acquired company, or the recognition of 100% of the goodwill of the acquired company as opposed to just the part of the goodwill due to the acquiring company (full goodwill option). This option may be chosen on a case-by-case basis.
 - In the case of step acquisitions, the fair value of the acquired company's assets and liabilities (including goodwill) is determined at the time of obtaining the control. Accordingly, the goodwill is measured as the difference between the aggregate of the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree and the consideration paid, and the net value of the acquired assets.
 - The partial disposal of an investment in a subsidiary that results in a loss of control triggers re-measurement of the residual holding to fair value. Any difference between fair value and carrying value is a gain or loss on the disposal, and is recognised in profit or loss.
 - The costs related to the acquisition must be accounted for as costs separately from the acquisition in the given period, and not recognised in the value of goodwill. The acquirer must account for any contingent payments as a liability on the acquisition date. If the extent of the liability recognised on a contingent payment changes as a consequence of an event occurring after the acquisition date (e.g. a profitability target is met), the difference, in accordance with the applicable IFRS rules, must be recognised in profit or loss and not as an adjustment of goodwill.
 - The amended standard stipulates that a company should allocate its share of

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losses to the non-controlling interest, even if the non-controlling interest will have a negative balance as a result.

- The impact of the actual terms of the legal relationship previously outstanding between the acquirer and the acquiree may not be taken into consideration when determining the consideration.
- The amended version of IFRS 3 contains the rules pertaining to the rights of the acquiree granted under a pre-existing relationship, and its rights re-acquired as a result of the acquisition.
- The effect of the amended IFRS 3 now extends to business combinations that only involve mutual entities, and acquisitions made by contract alone.

Application of the amended IFRS 3 standard is compulsory in respect of acquisitions recorded in the financial statements for annual periods beginning on or after 1 July 2009. At the earliest, the standard may be applied in annual periods beginning on or after 30 June 2007. The changes to IAS 27 must be first applied in balance sheets pertaining to annual periods beginning on or after 1 July 2009, but earlier application is also permitted. If either standard is applied prior to its becoming compulsory, the other standard must also be applied prior to its becoming compulsory. The management does not plan the early application of the amended standard, and believes that the amended standards will not have a material impact on the Group's financial statements. The EU has accepted the amended IAS 27, but has not yet accepted the amended IFRS 3 standard.

IFRS 8 Operating Segments

IFRS 8 defines segments as components of a business entity whose operating results are reviewed regularly by the entity's chief operating decision maker, and for which discrete financial information is available. IFRS 8 also sets forth requirements relating to the disclosure of products and services, geographical areas and major customers. The standard has also been accepted by the EU. The Group will apply the rules of the IFRS 8 standard beginning in 2009.

Application of the standard will result in a material change to the Group's disclosure by segments. In 2008 the Group altered the way in which its senior decision-makers decide on the allocation of resources, which does not differ from the Group's current segments presented according to IAS 14.

IFRIC 13 Customer Loyalty Programs

The interpretation addresses accounting issues at companies that grant their customers loyalty points during the sale process, as an incentive for them to buy further goods or services. It especially offers guidance with regard to how the companies should account for their obligation to provide free or discounted goods or services if and when the customers redeem the points. The Group applies the interpretation with effect from 1 January 2009. IFRIC 13 will not result in any material change to the Group's accounting procedures. The EU has accepted the interpretation.

IFRIC 18 Transfers of Assets from Customers

The interpretation clarifies the IFRS requirements with respect to agreements in which an entity receives from a customer a fixed asset (or a sum of money intended for the purpose of procuring a fixed asset) that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The interpretation must be applied in balance sheets pertaining to annual periods beginning on or after 1 July 2009, but earlier application is also permitted. IFRIC 18 will not result in any material change to the Group's accounting procedures. The EU has not yet accepted the interpretation.

Standards, amendments and interpretations that are not yet effective and are not relevant from the perspective of the Group's operation

- IAS 32** (amended) In February 2008 the IASB amended the provisions of IAS 32 pertaining to the balance sheet classification of puttable instruments and obligations arising on liquidation. As a consequence of the amendments certain financial instruments, which currently fulfil the requirements for financial obligations, will in future be recognised in equity. The amendments specify the conditions for identifying such financial instruments. The amendments to IAS 32 have to be applied in the financial statements pertaining to annual periods beginning on or after 1 January 2009. The Group currently has no financial instruments that would be affected by the amendments to IAS 32, and thus the amendments are not expected to have an impact on the Group's financial statements. The EU has accepted the standard.
- IAS 39** (amended) In August 2008 the IASB amended the provisions of IAS 39 pertaining to the rules on hedge accounting. The amendment makes it possible to recognise, in a value below or above a certain predetermined price or variable, changes that have occurred in the cash flow or fair value of a hedged item. The amendments to IAS 39 must be applied retrospectively in the financial statements for annual periods beginning on or after 1 July 2009. The amendments will not have an impact on the Group's financial statements, since the Group does not apply hedge accounting rules. The EU has not yet accepted the standard.
- IFRS 1** First-time Adoption of International Financial Reporting Standards (amended). The IASB published the revised version of IFRS 1 in November 2008. Since the Group has prepared its financial statements according to IFRS for many years, neither the original nor the revised standard is relevant to the Group. The EU has accepted the standard.
- IFRIC 15** Agreements for the Construction of Real Estate
The interpretation gives guidance on how to account for revenue and associated costs at companies that construct real estate and then sell it before the property is completed. IFRIC 15 determines whether the real estate construction contract falls within the scope of the IAS 11 Construction Contracts Standard, or the IAS 18 Revenue Standard. This interpretation must be applied in annual periods beginning on or after 1 January 2009. Since the Group is not engaged in such construction projects, IFRIC 15 is not relevant to the Group. The EU has not yet accepted the interpretation.
- IFRIC 16** Hedges of a Net Investment in a Foreign Operation
IFRIC 16 gives guidance on accounting for the hedging of net investments, clarifying issues such as which risks can be regarded as hedged risks, and where the hedge instrument may be held within the group. Hedge accounting may only be applied in the case of price risks that arise from the foreign currency exposure to the functional currencies of the foreign operation and the parent entity. A hedge instrument may be a derivative or non-derivative financial instrument that may be held by any member or members of the group (except the foreign operation constituting the object of the hedge transaction), as long as the designation, documentation and efficiency requirements of IAS 39 are met. This interpretation must be applied in annual periods beginning on or after 1 October 2008. Since hedge transactions of this nature do not occur at the Group, and it does not apply hedge accounting, the IFRIC 16 interpretation does not affect the Group's financial statements. The EU has not yet accepted the interpretation.
- IFRIC 17** Distributions of Non-cash Assets to Owners
This interpretation, published in November 2008, in cases where the company settles for dividend in the form of non-cash assets (e.g. fixed assets), clarifies how the company should

value the payable dividend and how it should account for the difference between the carrying value of the distributed assets and the carrying value of the payable dividend. This interpretation must be applied in annual periods beginning on or after 1 July 2009. Since the Group does not distribute non-cash assets in lieu of dividend, IFRIC 17 does not affect the Group's financial statements. The EU has not yet accepted the interpretation.

3. Sales revenue

Consolidated net revenue from sales by lead product:

Product	2008	2007
	HUF million	HUF million
Public lighting, lighting power regulation	304	242
Cost-effective electrical energy supply	332	224
Maintenance	25	0
Capital investment	660	0
Heating, heat supply	1 245	852
Catering technology	250	89
Prefabricated tower block reconstruction	0	18
Engineering consulting	387	251
Ski slope	0	12
Subtotal	3 203	1 688
Other	18	185
Total	3 221	1 873

4. Taxes on income

The rate of corporate tax was 16% both in 2008 and 2007. From 1 September 2006 the 4% supplementary corporate tax came into effect, and is calculated in a similar manner to corporate tax. The Group also records local business tax under this heading.

In Hungary at present, the range of taxes stipulated and imposed by the individual tax authorities are regulated in a number of relevant statutory provisions. These statutory provisions extend to cover, among others, value added tax, corporate and local taxes, and the taxes and contributions related to wages. The tax authorities are entitled to audit tax-related settlements, and in the event of non-compliance or a breach of law they are entitled to impose various fines and default penalties as determined by law. The management believes that the tax liabilities reported in the financial statements accord with the statutory requirements. Nevertheless, any tax authority has the right to adopt a different position, which could have a substantial impact.

	2008	2007
	tHUF	tHUF
Corporate tax	32 000	42 877
Deferred tax	43 812	19 441
Local business tax	21 945	15 752
Total	97 757	78 070

5. Consolidated earnings per share

The basic earnings per share must be calculated based on the after-tax profit distributable among the shareholders, and the annual average number of issued ordinary shares, excluding any treasury shares.

	2008	2007
After-tax profit distributable to	279 148	295 332

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shareholders (tHUF)		
Weighted average number of issued ordinary shares (X 1000)	2 000	2 000
Earnings per share (basic) (HUF)	140	148

In the adjusted earnings per share calculation the average number of ordinary shares in circulation must be modified with the number of ordinary shares potentially to be issued in the future. As of the balance sheet date the Company has no plans to issue such shares.

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6. Subsidiaries

On 31 December 2008 the key data of the Group's subsidiaries was as follows:

<u>Name</u>	<u>Place of company registration and operations</u>	<u>Ownership share</u>	<u>Voting share</u>
RFV Esco Kft.	1119 Budapest, Számadó u. 19.	100%	100%
RFV Beruházó Kft.	1119 Budapest, Számadó u. 19.	100%	100%
RFV Sárospatak Nonprofit Kft.	3950 Sárospatak, Kossuth u. 44.	49%	67%
RFV Józsefváros Kft.	1119 Budapest, Számadó u. 19.	49%	70%
RFV Panelkonstrukciós Kft.	1119 Budapest, Számadó u. 19.	100%	100%
RFV Geotherm Kft.	1119 Budapest, Számadó u. 19.	51%	100%
RFV Veszprém	8200 Veszprém, Megyeház tér 1.	49%	51%
RFV Slovakia	Gútsky rad 5. 94501 Komárno	100%	100%
RFV S.R.L	TgMures str. Tusnad, nr. 2. a. 11.	100%	100%

The companies have been consolidated using the comprehensive consolidation method.

The Group's shareholding in RFV Sípálya Kft., reported in the previous year, was sold off by the Group in the course of 2008. In 2008 the Group acquired the Galga and Veszprém companies, and of these the acquisition of the Galga company had not been registered by the Company Court by 31 December 2008 and thus it was not included among the consolidated interests.

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7. Property, plant and equipment

	Plant and equipment tHUF	Work in progress tHUF	Total tHUF
On 31 December 2006	2 218 595	77 876	2 296 471
Increase and reclassification			-
Decrease and reclassification	(67 374)	(77 876)	(145 250)
On 31 December 2007	2 151 221	-	2 151 221
Increase and reclassification	292 852	1 409	249 261
Decrease and reclassification			-
On 31 December 2008	2 444 073	1 409	2 445 482
Accumulated depreciation			
On 31 December 2006	45 095	-	45 095
Annual depreciation	92 805	-	92 805
On 31 December 2007	137 900	-	137 900
Annual depreciation	129 708	-	129 708
On 31 December 2008	267 608	-	267 608
Net carrying value			
On 31 December 2006	2 173 500	77 876	2 251 376
On 31 December 2007	2 013 321	-	2 013 321
On 31 December 2008	2 176 465	1 409	2 177 874

The property, plant and equipment are free of mortgages and encumbrances.

In the movements table, the annual movements for 2008 and 2007 have been stated in accordance with the values as per the amended accounting policy.

8. Debtors and other receivables

	<u>2008</u>	<u>2007</u>
Debtor receivables	1 177 074	557 728
Accrued income	727 809	421 104
Total	1 904 883	978 832

The increase in accrued income results from the growth in the Company's portfolio of contracts. The main item is the utility fees for 2008, invoiced in 2009.

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The increase in customer receivables arises from a growth in sales revenue. The majority of the receivables are not overdue.

9. Subscribed capital

The Company's subscribed capital consists of 2,000,000 shares. The nominal value of the shares is HUF 10/share. The subscribed capital remained unchanged in 2008.

10. Share of external owners

	<u>2008</u>	<u>2007</u>
RFV Sáropatak Nonprofit Kft.	1 097	10 850
RFV Sípálya Kft	-	-
RFV Geotherm Kft	1 222	1 222
RFV Józsefváros Kft	1 909	3 705
RFV Veszprém Kft	2 039	-
Total	6 267	15 777

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11. Long-term credit facilities and loans

Lender	Borrower	2008	2007
Raiffeisen Bank H-3	RFV Plc.	7 976	9 463
Raiffeisen Bank H-6	RFV Plc.	4 941	5 901
Raiffeisen Bank H-7	RFV Plc.	6 505	9 685
Raiffeisen Bank H-9	RFV Plc.	0	12 547
Raiffeisen Bank H-10	RFV Plc.	3 283	5 183
Raiffeisen Bank H-11	RFV Plc.	6 389	10 109
Raiffeisen Bank H-18	RFV Plc.	15 383	18 319
Raiffeisen Bank H-18/2006	RFV Plc.	18 580	21 871
Raiffeisen Bank H-19	RFV Plc.	19 529	22 446
Raiffeisen Bank H-19/2006	RFV Plc.	9 449	11 123
Raiffeisen Bank H-26	RFV Plc.	17 915	21 002
Raiffeisen Bank H-27	RFV Plc.	16 998	19 965
Raiffeisen Bank H-22	RFV Plc.	10 083	14 043
Raiffeisen Bank H-35	RFV Plc.	1 936	2 190
Raiffeisen Bank H-44	RFV Plc.	15 194	17 635
Raiffeisen Bank H-45	RFV Plc.	47 000	72 000
Raiffeisen Bank H-53	RFV Plc.	17 084	20 732
Raiffeisen Bank H-54	RFV Plc.	12 581	15 268
Raiffeisen Bank H-56	RFV Plc.	15 016	17 428
Raiffeisen Bank H-82	RFV Plc.	2 518	5 682
Raiffeisen Bank H-83	RFV Plc.	14 731	17 627
Raiffeisen Bank H-84	RFV Plc.	27 766	33 375
Raiffeisen Bank H-98	RFV Plc.	105 230	105 230
Raiffeisen Bank H-96	RFV Plc.	19 860	23 660
Raiffeisen Bank H-24/2007	RFV Plc.	11 463	12 960
Raiffeisen Bank H-56/2007	RFV Plc.	664 984	518 206
Raiffeisen Bank H-72	RFV Plc.	4 609	5 146
Raiffeisen Bank H-104	RFV Plc.	16 321	18 608
Raiffeisen Bank H-105	RFV Plc.	13 794	15 759
Raiffeisen Bank H-108	RFV Plc.	22 427	23 881
Raiffeisen Bank H-109	RFV Plc.	5 511	6 284
Raiffeisen Bank H-7/2008	RFV Plc.	19 402	0
H52/2005	RFV Esco Kft.	47 600	42 800
H51/2005	RFV Esco Kft.	93 600	114 600
H96/2006	RFV Esco Kft.	84 180	96 158
SATO-HI/2007	RFV Esco Kft.	479 616	268 411
H-73	RFV Esco Kft.	13 982	0
H-80	RFV Esco Kft.	111 187	0
Raiffeisen loan PFS-05-01-02	RFV Sípálya Kft.	-	78 000
Finance lease liability	RFV Plc.	0	2 998
Finance lease liability	RFV Sárospatak Kft.	0	4 858
Total		2 004 613	1 721 151

12. Short-term credit facilities and loans

Lender	Borrower	2008	2007
Raiffeisen Bank H-3	RFV Nyrt.	1 515	1 379
Raiffeisen Bank H-6	RFV Plc.	960	840
Raiffeisen Bank H-7	RFV Plc.	3 180	2 700
Raiffeisen Bank H-9	RFV Plc.	12 606	11 353
Raiffeisen Bank H-10	RFV Plc.	1 900	1 680
Raiffeisen Bank H-11	RFV Plc.	3 720	3 360
Raiffeisen Bank H-18	RFV Plc.	2 994	2 731
Raiffeisen Bank H-18/2006	RFV Plc.	3 356	3 057
Raiffeisen Bank H-19	RFV Plc.	2 987	2 732
Raiffeisen Bank H-19/2006	RFV Plc.	1 707	1 555
Raiffeisen Bank H-26	RFV Plc.	3 098	2 822
Raiffeisen Bank H-27	RFV Plc.	3 035	2 734
Raiffeisen Bank H-22	RFV Plc.	3 960	3 600
Raiffeisen Bank H-35	RFV Plc.	265	251
Raiffeisen Bank H-44	RFV Plc.	2 493	2 273
Raiffeisen Bank H-45	RFV Plc.	25 000	23 000
Raiffeisen Bank H-53	RFV Plc.	3 710	3 374
Raiffeisen Bank H-54	RFV Plc.	2 732	2 484
Raiffeisen Bank H-56	RFV Plc.	2 463	2 246
Raiffeisen Bank H-82	RFV Plc.	2 739	2 031
Raiffeisen Bank H-83	RFV Plc.	2 948	2 683
Raiffeisen Bank H-84	RFV Plc.	5 707	5 079
Raiffeisen Bank H-96	RFV Plc.	3 871	3 524
Raiffeisen Bank H-24/2007	RFV Plc.	1 539	1 414
Raiffeisen Bank H-56/2007	RFV Plc.	52 542	35 265
Raiffeisen Bank H-72	RFV Plc.	569	524
Raiffeisen Bank H-104	RFV Plc.	2 341	2 138
Raiffeisen Bank H-105	RFV Plc.	2 010	1 810
Raiffeisen Bank H-108	RFV Plc.	1 520	2 744
Raiffeisen Bank H-109	RFV Plc.	790	722
Raiffeisen Bank H-7/2008	RFV Plc.	18 228	0
Shareholder loan	RFV Plc.	122 643	0
H51-52/2005, H96/2006	RFV Esco Kft.	32 042	90 809
SATO-HI/2007	RFV Esco Kft.	37 300	0
H-73	RFV Esco Kft.	1 727	0
H-80	RFV Esco Kft.	7 013	0
Raiffeisen loan PFS-05-01-02	RFV Sípálya Kft.	0	31 000
Finance lease liability	RFV Plc.	0	1 842
Finance lease liability	RFV Sárospatak Kft.	1 470	1 050
Other	RFV Plc.	65 449	0
Other	RFV S R L	233	0
Other	RFV Józsefváros	750	0
Other	RFV Esco Kft.	1 850	1 800
Total		446 962	258 606

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The Group's credit and loans were taken up for the financing of energy-sector investments related to its core activity. The loans typically have terms of 5-10 years. The currency of the loans is forint in all cases, and the interest is linked to BUBOR. The majority of the loans are backed by a surety guarantee from the municipalities involved, while the financial institution establishes a pledge on receivables arising from the individual investments. If the loan is not raised by RFV Plc. but by one of its subsidiaries, the parent company assumes a surety guarantee up to the amount of the obligation, in place of the municipality's surety guarantee.

13. Creditors and other liabilities

	<u>2008</u>	<u>2007</u>
Creditors and other liabilities	929 481	581 061
Accrued expense	247 739	209 801
Total:	1 177 220	790 682

The increase in liabilities towards trade creditors arises from the growth in sales revenue and in the related intermediated services. The majority of the liabilities are not overdue.

14. Deferred tax

Deferred corporate tax is calculated using the liability method, based on temporary differences.

	<u>2008</u>	<u>2007</u>
	tHUF	tHUF
Deferred tax assets	12 292	7 203
Deferred tax liabilities	(81 149)	(32 248)
Net balance on 31 December:	(68 857)	(25 045)

The primary source of the deferred tax liability is the development reserve established in the reporting period, and the use of different useful life spans under IFRS and tax law.

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15. Risk management

The Group has numerous investments in companies that operate in turbulent economies. The value of these investments is linked to the risk of a potential weakening of the local currency, although this risk is substantially mitigated by the assumption that the market value of non-financial assets could remain unchanged. Investments that are essentially based on financial assets are fully exposed to the risk of currency depreciation.

Credit risk – the Group has key clients in numerous regions. The management constantly nurtures close relationships with the Group's most important clients. The extent of provisions set aside for qualified receivables is determined by the Group's management on the basis of past experience and the prevailing economic environment.

The receivables risk of liquid assets and forward financial instruments is limited.

Since the risk exposure is spread across many of the Group's partners and customers, the Group has no significant concentration of receivables risk.

16. Capital investment undertakings

	2008 tHUF	2007 tHUF
Investment set forth in a contract, but not featuring in the financial statements (Györszentiván)	9 879	0
Investment set forth in a contract, but not featuring in the financial statements (Józsefváros)	0	205 200
Investment set forth in a contract, but not featuring in the financial statements (Sárospatak)	21 018	195 000
Investment commitments:	30 897	400 200

17. Surety guarantees assumed in respect of Group members and third parties

	2008 tHUF	2007 tHUF
RFV Esco Kft. – ÁNTSZ project – surety guarantee	161 000	214 500
RFV Esco Kft. – Hódmezővásárhely project – surety guarantee	112 132	117 500
RFV Esco Kft. – Sárospatak project – surety guarantee	516 916	327 000
RFV Esco Kft. – Veszprém County project – surety guarantee	118 197	0
RFV Sípálya Kft. – investment credit – surety guarantee	78 000	109 000
RFV Sípálya Kft. – on state aid – surety guarantee	66 745	66 745

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18. CONTINGENT AND FUTURE LIABILITIES

Legal disputes

By the balance sheet date, various damage claims had been filed against the Group and various legal proceedings were ongoing which by their nature constitute a part of normal business operations. The extent of these claims and legal proceedings was on a par with the extent of claims and legal proceedings in the previous year.

In the Group's judgement, the claims filed against it and the litigated receivables have no material impact on its financial situation, future operating profit or cash flow, although guarantees cannot be given in respect of the final outcome of the claims and litigated receivables.

Insurance

The Group has the necessary insurance policies, providing adequate cover.

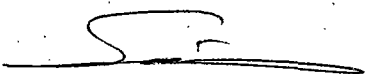
The asset and business interruption insurance policies cover the replacement value of the Group's assets and the net profit and overhead costs lost as the result of any defined event.

The general, environmental and employer's liability insurance policies provide indemnity coverage for possible damages to third parties and employees.

Declaration of responsibility

I the undersigned, Csaba Soós, Chairman of the Board of Directors of RFV Plc., hereby declare that to the best of our knowledge the attached annual financial statements contain data and statements that reflect reality, and do not omit any fact that that could have a bearing on the assessment of RFV Plc.'s situation. We recognise that pursuant to the Capital Market Act RFV Plc., as issuer, is liable to indemnify for any damages arising from a failure to fulfil its regular and extraordinary disclosure obligations, or from the misleading content of information so provided.

Budapest, 28 April 2009



Csaba Soós
Chairman of the Board of RFV Plc.

Regionális Fejlesztési Vállalat Plc.



Consolidated report made in accordance with the international financial report standards of the business year ending with December 31, 2009

Regionális Fejlesztési Vállalat Plc.
Consolidated financial reports

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Independent auditor's report

1, We have audited the attached 2009 consolidated annual financial report of RFV Regionális Fejlesztési, Beruházó, Termelő és Szolgáltató Vállalat Plc., which comprises the consolidated balance sheet as at December 31, 2009 – showing a balance sheet total of HUF 6,817,005 thousand and a net profit for the year of HUF 805,963 thousand – the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement for the year that ended and the summary of significant accounting policies and other explanatory notes.

The company's 2008 yearly report was audited by István Tolnai, who issued an unqualified opinion in his auditor's report on April 10, 2009.

Management's responsibility for the consolidated yearly report:

2, The preparation of the consolidated yearly report is in accordance with the international financial report standards, and the fair presentation of it is the responsibility of the management. This responsibility includes the development, implementation and maintenance of internal control, selecting and applying appropriate accounting policies and preparing accounting estimates that are reasonable in given circumstances, free of fraud, error and material misstatement in the consolidated financial statements.

Auditor's responsibility

3, The auditor's responsibility is to express an opinion on the consolidated financial statements based on the audit and to assess the consistency of the consolidated annual report and consolidated accounts.

The audit was based on the Hungarian national auditing standards and auditing laws and regulations - valid in Hungary – which are in line with international auditing standards. Those standards require that we comply with ethical requirements and that during the audit we plan and perform we get reasonable assurance whether the consolidated financial statements are free of material misstatement.

4, An audit involves performing procedures to obtain audit evidence obtained from the consolidated amounts and disclosures in the financial statements. The selected procedures, including the risk assessment of fraud or error or material misstatement in the consolidated accounts are dependent on the auditor's discretion. In making these risk assessments, the auditor determines the internal audits relevant for the fair presentation and preparation of the consolidated report in order to design audit procedures that are appropriate in the circumstances, but not to give an opinion on the effectiveness of the company's internal audit procedures. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of consolidated accounts.

Our work in connection with the consolidated annual report and consolidated financial statements was limited to assessing their consistency, and did not include reviewing other information derived from the Company's unaudited accounting records.

5, We believe that the audit evidence obtained is sufficient and appropriate basis for the granting of our audit

Audit opinion

6, We have audited the consolidated accounts of Regionális Fejlesztési Vállalat Plc., its parts and items, their records and validated them according to the current National Auditing Standards and based on this have acquired sufficient and appropriate evidence that the consolidated annual financial statements were prepared in accordance with International Financial Reporting Standards.

April 9, 2010, Budapest

BDO Magyarország Könyvvizsgáló Ltd.
1126, Budapest, Nagy Jenő u. 10
Registration number: 002387

Baumgartner Ferenc
Executive

Janda Szilvia
Registered auditor
chamber membership number: 005924

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Regionális Fejlesztési Vállalat Plc.**Consolidated income statement of the financial year ending with December 31, 2009**

	Notes	2009	2008
		<u>thousand HUF</u>	<u>thousand HUF</u>
Net sales	3	3 910 906	3 221 048
Cost of sales		1 783 406	2 067 540
Gross profit		2 127 500	1 153 508
Material costs		106 088	123 244
Personal expenses		121 620	148 257
Services rendered		350 054	191 739
Other income and expenses, net		74 533	10 211
Operating costs		652 295	473 451
EBITDA		1 475 205	680 057
Depreciation and amortization		187 951	129 708
Financial net cost		188 405	173 444
Profit before tax		1 098 849	376 905
Income taxes	4	297 837	97 757
Net income		801 012	279 148
Other comprehensive income		0	9 510
Total comprehensive income		801 012	269 638
From this:			
Share of the parent company		805 963	288 658
Minority interest		4 951	9 510
Earnings per share (Ft)	5		
Base		334	140
Corrected		334	140

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Regionális Fejlesztési Vállalat Plc.
Consolidated balance sheet as of December 31

ASSETS

PP&E	7	4 830 113	2 177 874
Intangible assets		14 330	17 126
Goodwill		22 034	19 201
Investments in subsidiaries		400	-
Deferred tax assets	14	15 505	-
Total		4 882 382	2 214 201

Current assets

Supplies		20 774	93 291
Customers and other current assets	8	1 760 222	1 904 883
Securities		7 050	-
Cash and cash equivalents		146 577	141 493
Total current assets		1 934 623	2 139 667

Total assets		6 817 005	4 353 868
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RESOURCES

Equity

Issued capital	9	24 000	20 000
Capital reserve	9	1 096 000	-
Retained earnings		1 430 154	624 191
		2 550 154	64 411
Minority interest	10	1 316	6 267
Total equity		2 551 470	650 458

Long-term liabilities

Loans	11	2 798 965	2 004 613
Deferred tax liabilities	14	213 740	68 857
Other long-term liabilities		10 843	5 758
		3 023 548	2 079 228

Short-term liabilities

Loans	12	471 814	446 962
Suppliers and other short-term liabilities	13	770 173	1 177 220
		1 241 987	1 624 182

Total liabilities and equity		6 817 005	4 353 868
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Regionális Fejlesztési Vállalat Plc.
The statement of changes in consolidated equity

	Notes	Issued capital	Capital reserve	Retained earnings	Total	External holders share	Total equity
		thousand HUF	thousand HUF	thousand HUF	thousand HUF		
Balance on December 31, 2007		20 000	-	326 023	346 023	15 777	361 800
Total comprehensive income				298 168	298 168	9 510	288 658
Balance on december 31, 2008		20 000	-	624 191	644 191	6 267	650 458
Shares	9	4 000	1 096 000		1 100 000		1 100 000
Total comprehensive income				805 963	805 963	4 951	801 012
Balance on 31 december, 2009		24 000	1 096 000	1 430 154	2 550 154	1 316	2 551 470

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Regionális Fejlesztési Vállalat Plc.
Consolidated Cash Flow statement

	2009	2008
Operating activities		
Profit after tax	801 012	279 148
Corrections:		
Depreciation for the year	187 951	129 708
Deferred tax	129 378	43 812
Working capital changes		
Changes in inventories	72 517	40 654
Trade and other receivables	144 661	926 051
Change in securities held for trading	7 050	184
Suppliers and other current liabilities	399 150	358 637
Operating cash flow	929 319	155 216
Investment activity		
Tangible and intangible assets	2 837 394	268 228
Share purchases	3 233	-
Investment cash flow	2 840 627	268 228
Financing activities		
Bank borrowing / repayment	816 392	471 818
Shares	1 100 000	-
Financing cash flow	1 916 392	471 818
Net change in cash and cash items	5 084	48 374
Cash items and cash balance at the beginning of the year	141 493	93 119
Cash items and cash balance at the end of the year	146 577	141 493

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Regionális Fejlesztési Vállalat Plc.
Notes to the consolidated financial reports

1, General background

Regionális Fejlesztési Vállalat Plc (RFV or "Company) which is the parent of the Group was established on the 12th of June, 2006 in Hungary. Its home office is in Számadó street 19, Budapest, 1119. The company's predecessor was established on the 29th of Jun, 2000, with the goal to perform investments (mainly investments related to energy efficiency improvement) for its prospective clients with significant energy savings. These long term operations provide energy efficiency improvements for its clients. RFV's owners on the 31st of December 2009 are:

Ownerr's name	Shareholding (%)
Soós Csaba	40,95
Makra József	21,28
Funds of OTP Alapkezelő Plc	15,48
Funds of Aegon Magyarország Befektetési Alapkezelő Plc.	6,04
East Capital	3,58
Generali Gold KKE Részvényalap	1,67
Other investors	11,00
Total	100,00

After the secondary share issuance, the free float increased to 37,7%.

The Company operates in the so-called ESCO (energy service company) industry, which is the energy industry's equivalent of PPPs (public-private-partnerships). It performs energy efficiency related operations with own investments, which are maintained and operated by the Company in the long term.. The Company typically provides energy services with assets created during the investment for the contractual period of 10-25 years..

1.1 The basis of the balance sheet

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

The management accepted the consolidated financial report on April 9, 2010. The consolidated financial report was made in accordance with the International Financial Reporting Standards as regulated in the EU's Official Journal. The IFRS consists of standards and interpretation formulated by the IFRIC and the IASB.

As of January 1, 2005, the Hungarian Accounting Law change allows the Group's consolidated reports to be prepared according to the IFRS as published by the Official Journal of the European Union. Currently, there is no difference between the Group's IFRS and the IFRS policies accepted by the EU based on the EU's enrolment processes and the Group's activities.

- Disclosures in the financial statements comply with the requirements of above standards.

ii, The basis of the report's creation

The consolidated report was made by the existing standards and IFRIC interpretation issued on December 31, 2009. Prior to their being compulsory (July 1, 2009), the Group adopted the IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements standards.

The parent company prepares the non-consolidated reports according to Accounting Law C. of the year 2000. Certain provisions of this Law differ from those regulated by the IFRS. To ensure that the international consolidated reports are in line with the international financial reporting standards, certain modifications had to be made in the Group's Hungarian consolidated report. The report was based on the cost principle, except in cases where IFRS requires the use of different measurement principles from those shown in the accounting policy.

2, Accounting policy

The principal accounting policies used to compile the financial report are the following:

2.1 The significant accounting policies

1, Basis of consolidation

Subsidiaries

The consolidated financial report consists of RFV Plc. and the subsidiaries under its control. Control usually exists when the Group owns, directly or indirectly over 50% of that company's voting rights and benefits from influence over the company's financial and operative activities. As the IAS 27 standard specifies, the currently exercisable voting rights are taken into account in determining control.

For the acquired businesses, the acquisition accounting method is used, which is based on the value relations at the date of acquisition of the assets and liabilities, ie. the market value at date of acquisition of control. The cost of acquisition is the sum of the purchase price and the minority interests. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The consolidated inter-company transactions, balances, results, unrealized profits and losses are filtered, except where such losses point to asset impairment. The consolidated financial statements are prepared using unified accounting policies for similar transactions and events.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The changes in shares of the Group's existing subsidiaries, which do not result in loss of control, are accounted for as equity transactions. The group shares, as well as the minority interests will be amended to reflect changes in the existing shareholdings in subsidiaries. Any

amount modifying the minority interest as well as the difference between the purchase price paid or received is recorded in the capital, as a value per holders of the company.

Joint ventures

A joint venture business is an agreement based on contracts in which two or more parties (venturers) undertake an economic activity that is subject to joint control. Joint control is achieved when the activity related to the strategic, operational and financial decisions requires the unanimous agreement of the contractors. A joint venture is an enterprise in which a company, partnership or other entity engaged in economic activity is established, which the Group jointly controls with other entrepreneurs.

The Company's proportionate share of joint ventures are being included in the consolidation, ie, the joint venture's assets, liabilities, revenues and expenses are combined in proportion to the consolidated financial statements' e corresponding lines. The joint ventures prepare their financial statements with consistent accounting policies and in the same reporting year as the parent company. The joint ventures are proportionately consolidated up to the date which the Group's joint control exists in the enterprise.

When the Group's assets are transferred or sold to the joint venture, the transaction will be accounted for based on its content. If the Group purchases assets from a jointly controlled venture, the Group accounts for its share of results from the joint venture, when the asset is resold to a third party. The losses resulting from intragroup transactions are recognized immediately when they refer to the loss of realizable value of the asset or impairment loss.

In the event of termination of the joint management, the Group measures and recognizes its remaining investment at its fair value, unless the joint venture does not become a subsidiary or associate. The difference between the carrying amount of the joint entity and the fair value of the remaining investment together with any proceeds from disposal is recognized in profit or loss.

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence through participation in the financial and operating policy decisions of the investee, but which is not a subsidiary or a jointly controlled entity.

The Group's investments in its associates are accounted for using the equity method of accounting. Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Investments in associates are assessed to determine whether there is any objective evidence of impairment. If there is evidence that the recoverable amount of the investment is lower than its carrying value, then the difference is recognized as impairment loss in the income statement. Where losses were made in previous years, an assessment of the factors is made to determine if any loss may be reversed.

When the significant influence over the associate is lost, the Group re-measures and recognizes any retaining investment at its fair value. The difference between the carrying amount of the associate and the fair value of the retaining investment together with any proceeds from disposal is recognized in profit or loss.

II, Presentation Currency and Foreign exchange balances

Based on the economic substance of the underlying events and circumstances the functional currency of the parent company and the presentation currency of the Group have been determined to be the Hungarian Forint (HUF).

In the beginning, transactions not in HUF were recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies were retranslated at the rates prevailing at the balance sheet date, not considering that the return on assets was classified as doubtful. The resulting exchange differences are shown in the income and the expenditure part of the financial revenues.

III, Sales revenues

Revenue of sales transactions will be displayed when the proper conditions of the supply contracts is met. Sales revenues do not include VAT. All other income and expense is recognized with the matching principle at the corresponding period.

IV, Significant estimates

The management must live in some cases with significant estimates and assumptions when preparing the financial statements according to the IFRS. These significant estimates and assumptions affect the financial statements showing assets and liabilities, revenues and expenses and the value of contingent assets and liabilities in the notes of the presentation. Actual results may differ from the estimated data.

V, Property, plant and equipment

Fixed assets will be presented at carried cost less accumulated depreciation. The cumulative depreciation of the asset includes the scheduled amortization in connection with continuous use and operation, as well as accelerated depreciation costs of any significant damage and due to an unexpected incident.

The acquisition cost of tangible assets includes primal costs, when investing in an own enterprise, as well as the material costs and wages. The interest rate of a loan for investment in fixed assets increases the cost of the asset until it is in an appropriate state for use and is activated.

The book value of tangible assets is reviewed at specified intervals, in order to determine whether the carrying amount does not exceed the value of the asset's fair market value. In this case extraordinary depreciation is required in accounting for the asset's fair market value. The asset's fair market value is either the sales price or the asset value in use, whichever is the higher amount. The asset value is the discounted value of cash flows generated in the future. The discount rate includes the interest rate prior to business taxation, taking into account the time value of money and other risk factors related to the asset. If the asset can not be ordered individually to future cash flow, the cash flow will be based on the unit which incorporates the asset. The so defined impairment, accelerated depreciation will be displayed in the income statement.

The repair and maintenance costs and the replacement of spare parts for tangible assets is borne by maintenance expenses. The value added investments and renovations are capitalized. Accumulated depreciation of sold or nil cost assets is eliminated. All such generated profits or losses are part of the annual result.

The value of the Company's assets during the assets' productive life will be calculated with the linear method. The useful lifetime of asset groups is as follows:

Buildings	50 years
Edifices	10 years
Machinery, equipment	3-25 years
Vehicles	5 years

The useful lifetime and depreciation method are reviewed at least annually on the basis of economic benefits. If necessary, the amendment is recorded in the income

The Group will report to extraordinary depreciation of tangible assets, for which the net book value of assets is not expected to be recouped in future income based on productivity. The Group makes the necessary calculations based on the appropriate discounting of long-term future cash flow plans.

VI, Intangible assets

Intangible assets acquired separately are capitalized at cost and from a business acquisition are capitalized at fair value as at the date of acquisition. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably.

Following initial recognition, the cost method is applied to the class of intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite. Amortization is charged on assets with a finite useful life over the best estimate of their useful lives using the straight line method. The amortization period and the amortization method are reviewed annually at each financial year-end. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against income in the year in which the expenditure is incurred. Intangible assets are tested for impairment annually either individually or at the cash generating unit level.

The trademarks, licenses, patents and software acquisition costs are capitalized and written off straight line method over the estimated useful life.

Intangible assets and other rights, including software 3 years

VII, Goodwill

Goodwill is the difference between the purchase price and the fair value of net identifiable assets of the acquired subsidiary, associate company and joint on the acquisition date. Goodwill is not amortized, but every year the Group will examine whether there are indications that the carrying value will probably not be recovered. Any impairment of goodwill is carried at cost less in the statements.

VIII, Research and development

Expenditure on research and development activities is recognized as an expense in the period in which it is incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

Following the initial recognition of the development expenditure the cost method is applied requiring the asset to be carried at cost less any accumulated impairment losses. Costs in development stage can not be amortized. The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

IX, Inventories

Inventories are stated in the stocks of surplus and excess inventory at cost less impairment, or in the net realizable value, whichever is lower. Inventory costs are determined by their actual costs. The acquisition cost of own produced inventory consists of direct materials, direct wages, depreciation of production machinery and maintenance costs.

X, Claims

The receivables for estimated losses adequate impairment losses are included in the nominal value statements. An estimate review is made for doubtful receivables based on the total receivables outstanding at year-end.

XI, Financial assets

Financial instruments within the scope of IAS 39 are classified in the following four categories: profits or losses are measured at fair value ("for trading") of financial assets, loans and receivables, held to maturity investments and available for sale financial assets. The financial instruments are initially displayed at fair value

After initial recognition, financial assets that are "for trading" or "available for sale" are considered at fair value, unrealized foreign exchange gain or loss in marketable securities is assessed as other income (expense), unrealized gains or losses achieved in marketable securities appear as a separate component of equity until the investment is sold or otherwise the accounts will not be eliminated, or until an impairment of this investment has been

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accounted for, at which time the cumulative gains recognized in equity is recognized as income or loss.

Other long-term investments, which are held to maturity, such as certain types of bonds, after the first impressions are reported at amortized cost. The depreciated value is calculated taking into account the discount or premium at the time of acquisition until the maturity period. In the case of amortized cost investments, at the time of depreciation or disposal of the investment, and the gains or losses arising during the period of amortization, it is recognized as revenue. In the case of investments participating in the stock market, the market value of investments is determined by the official exchange rate published at the date of the balance sheet. In the case of unlisted and non-traded securities, the market value of similar / alternative financial investment is their market value, if this method is not applicable, then the market value is determined by the estimated future cash flows of an asset related to the investment instrument.

The Group will examine on each turn-date if it is necessary to account impairment on a financial asset or group of assets. If at an asset's impairment loss, circumstances arise, that recognition of an impairment is necessary, its extent is the difference between the registered value of the asset and the future cash flows of the asset's original effective interest rate. The impairment will be displayed in the income statement. If, subsequently, the amount of impairment is reduced, it will be reversed, but only to the extent that the asset value of the inventory does not exceed the depreciated value on the balance sheet date.

Investments in securities will be assessed at the daily rate and initially at their purchase price. The short-term investments, which include securities held for trading, will be valued at the fair market value of the time of the next statement, and their value will be calculated by the publicly quoted rate on the date of the balance sheet. The unrealized gains and losses are contained in the income statement. In the case of marketable securities, unrealized gains and losses are recognized in equity until the securities are sold, or impairment determination is made, when the cumulative gain or loss recognized this far in equity will be recognized in that given period's income statement.

XII, Derivative financial instruments

Initially, derivative financial instruments had been evaluated at their purchase price and were reevaluated on the date of reporting at fair market value. Changes in the fair market value of derivative financial instruments outside hedging are stated on the income statement.

XIII, Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

XIV, Corporation tax

The corporate tax rate is based on the acts of corporate and dividend tax and the tax liability prescribed within the local business tax rules, which are adjusted by the deferred tax. The corporate tax liability holds both current and deferred tax items.

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The current tax liability is determined from the current year's taxable profit. The taxable profit differs from the value shown in the consolidated financial statement, because of the gains and losses not constituting a tax base and such items, which are taken into account in other years' taxable profits. The Group's current tax liability is determined by the proclaimed tax rate on the balance sheet date or by the tax rate being in effect, if proclamation is not equivalent with coming into effect. Deferred tax will be calculated using the liability method. Deferred tax arises in those cases, where a time difference appears between an item's accounting in the annual reports and the accounting following the prescriptions of the tax code. Deferred tax assets and liabilities will be determined with taken those years' taxable income into account, when the time difference is expected to be recovered. The value of the deferred tax liability and the tax claim on the balance sheet date shows the Group its estimates about the way of realization of tax assets and liabilities.

Deferred tax liability is only to appear in connection with deductible temporal differences, tax credits, which can be carried on, and negative tax base on the balance sheet, if it is likely that during the future activities of the Group, it will realize an amount which constitutes as tax base, against which the deferred tax asset is enforceable.

At each balance sheet closing date the Group takes into account the balance of unrecognized deferred tax assets and the recognized tax assets' book value. The Group takes the part of previously unrecognized liabilities into stock, which is expected to be recouped by a reduction of taxes on future profits. To the contrary, it reduces the Group's deferred tax liabilities to an extent, for which amount's return an after-tax profit will not be available to cover.

The current and deferred taxes will be accounted directly against the equity when they relate to items that were accounted in the same or a different period against the equity as well, including the amendments of the opening value of reserves, resulted by the retroactive changes in accounting policy.

The accounting of deferred tax assets and liabilities against each other is possible if the company is entitled by law to account tax demands and liabilities from the same tax authority against each other, and the Group has the intention of settling these assets and liabilities at a net value.

XV, Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. The lease costs, which consist of the difference in the fair value of assets acquired and the lease in total, are charged against income for the entire duration of the lease so that a constant input appears periodically to report the amount of the outstanding liability for each period.

Total liabilities and the difference between the market value of leased asset acquisition occur either over the relevant lease time - so that the change in the remaining balance of the

obligation can be traced from time to time - or are recognized in the income statement in the reporting periods.

XVI, Share-based payments

Certain employees of the Group (the upper and middle management members) benefit from share-based rewards, and some employees perform services in exchange for shares, share rights.

The cost of share-based compensation to employees is determined by the fair value at the time of the allowance. The real value will be determined by applying generally accepted option pricing models. When assessing the equity-settled transactions, performance conditions are not taken into account, except those which are linked to the rate of the parent company's shares.

The equity-settled transactions are recognized during the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the allowance (the "vesting date"). The cumulative cost of equity-settled transactions at the time of reporting reflect the expired time of the vesting period, and the amount of benefits that the Group's management believes that the number of units of equity instruments, based on the best available estimate will ultimately vest. Those benefits are not recognized as an expense, which do not vest, except those where vesting depends on the market conditions, which shall be deemed vested, regardless of market conditions being met, provided that all other performance-contingent conditions were met.

Where equity-settled conditions are modified, the minimal expense is recorded as if the terms had not changed. Additional cost will be calculated when the transaction value increased as a result of the amendment, according to the assessment at the time of the amendment. Where an equity-based transaction is terminated, it shall be deemed to vest on the date of termination and any unrecognized expense will be accounted immediately.

If a new benefit replaces a previous benefit and is marked as a replacement benefit on the day of the change, the eliminated and the new benefits should be treated as if they were changes made to the original allocation, as stated in the preceding paragraph.

In determining the earnings per share, the undrawn options should be deemed as if they were additional dilutive shares.

XVII, Earnings per share

In the determination of earnings per share, the Group's result and the number of shares reduced by the temporary average number of repurchased treasury shares are taken into account.

Diluted earnings per share are calculated similarly as the earnings per share. The calculation however, takes into account all dilutive ordinary shares outstanding increasing the yield allocated to ordinary shares taking into account the convertible bonds' dividend and yield in the given period, modified by further income and expenditure resulting from the takeover, -

the weighted average number of shares outstanding is increased by the weighted average number of shares which would have been outstanding if all convertible bonds would be converted.

XVIII, Off-balance sheet items

Off-balance sheet liabilities are not included in the balance sheet and income statement forming part of the consolidated financial statements, unless they were acquired in business combinations.

They are presented in the notes, unless the chance of outflow of resources embodying economic benefits is remote, minimal. The off-balance sheet assets are not included in the consolidated balance sheet and profit and loss account, but if the inflow of economic benefits is probable, they are shown in the notes section.

XIX, Repurchased own shares

The nominal value of repurchased own shares is deducted from the subscribed capital. The cost difference between the nominal value and the share premium will be calculated directly in the subscribed capital.

XX, Dividend

Dividend is recognized in the year when the Company owners approve of it.

2.2 Changes in Accounting Policies

The accounting policies adopted are consistent with those applied in the previous financial years. The Group has adopted the following new and amended IFRS and IFRIC interpretations during the year. Except as noted below, adoption of these standards and interpretations did not have any effect on the financial statements of the Group. They did, however, give rise to additional disclosures.

- IFRS 1 – First-time Adoption of International Financial Reporting Standards
- IFRS 2 – Share-based Payment
- IFRS 3 – Business Combinations (Revised)
- IFRS 7 – Financial Instruments: Disclosures
- IFRS 8 – Operating Segments
- IAS 1 – Presentation of Financial Statements
- IAS 16 – Property, Plant and Equipment
- IAS 19 – Employee Benefits
- IAS 20 – Accounting for Government Grants and Disclosures of Government Assistance
- IAS 23 – Borrowing costs
- IAS 27 – Consolidated and Separate Financial Statements
- IAS 28 – Investments in Associates
- IAS 29 – Financial Reporting in Hyperinflationary Economies
- IAS 31 – Investments in Joint Ventures
- IAS 32 – Financial Instruments: Presentation
- IAS 36 – Impairment of Assets
- IAS 38 – Intangible Assets
- IAS 39 – Financial Instruments: Recognition and Measurement

- IAS 40 – Investment Property
- IAS 41 – Agriculture
- IFRIC 15 – Agreements for the Construction of Real Estate

The Group has early adopted IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements from 1 January 2009.

The principal effects of these changes are as follows:

- IFRS 1 - First-time Adoption of International Financial Reporting Standards
The new version of IFRS 1 retains the substance of the previous version, but with a changed structure. It replaces the old version of IFRS 1 and becomes effective for entities applying IFRSs for the first time for annual periods beginning on or after 1 January 2009.
- IFRS 2 - Share-based Payment
This amendment to IFRS 2 – Share-based Payment becomes effective for financial years beginning on or after 1 January 2009. It clarifies the definition of vesting and non-vesting conditions, as well as the accounting treatment of cancellations.
- IFRS 3 - Business Combinations (Revised)
The revised standard comes into effect for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. It introduces significant changes in the accounting for business combinations as outlined below:
- Business combinations are accounted for using the acquisition method and all acquisition costs incurred are expensed as opposed to the previous version of IFRS 3 where business combinations were accounted for using the purchase method and transaction costs directly attributable to the acquisition formed part of the acquisition costs. For business combination achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit and loss. At acquisition the embedded derivatives separated from the host contract by the acquiree are reassessed; while previously those were only assessed, if the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.
 - The IFRS 3 Revised allows a choice on the measurement of non-controlling interests either at fair value or at the noncontrolling interests' proportionate share of the acquiree's net identifiable assets, where previously only the latter was permitted.
 - Additional guidance is added on recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised if, and only if, the Group had a present obligation that the economic outflow was more likely than not and a reliable estimate could be determined. Subsequent adjustments to the

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contingent consideration affected goodwill. The revised IFRS 3R measures contingent consideration at fair value at the acquisition date; subsequent adjustments to it are recognised against goodwill only to the extent that they arise from better information about the acquisition date fair value within a timeframe of 12 months from the acquisition date. All other subsequent adjustments are recognised in profit and loss. The Group has early adopted IFRS 3 (Revised) beginning January 1, 2009 and has applied the revised version of the standard when accounting for the acquisition of Thermoenergy SRL.

IFRS 7 - Financial Instruments: Disclosures

The amendments to IFRS 7 seek to enhance disclosures about fair value measurements and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

The changes come into effect on January 1, 2009, their use had no significant effect in the Group's report.

IFRS 8- Operating Segments

IFRS was issued in November 2006 and became effective for financial years beginning on or after January 1, 2009. This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. There are no changes in the current disclosures, as the primary business segments determined for reporting purposes qualify as operating segments under the new standard.

IAS 1- Presentation of Financial Statements

The revised standard (effective from January 1, 2009) separates owner and non-owner changes in equity. Therefore, the statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group applies IAS 1 (Revised) from 1 January 2009 electing the option to present separate income statement and statement of comprehensive income as performance statements.

IAS 16 - Property, Plant and Equipment

IASB replaced the term "net selling price" with "fair values less costs to sell". Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.. This amendment does not have a significant impact on the Group.

IAS 19 - Employee Benefits

This improvement revised the definition of 'past service costs', 'return on plan assets' and 'short-term' and 'other long-term' employee benefits. Amendments to plans that result in a reduction in benefits related to future services should be accounted for as curtailment. The reference to the recognition of contingent liabilities has been deleted to ensure consistency with IAS 37. This amendment has no material impact on the Group.

IAS 20 - Accounting for Government Grants and Disclosures of Government Assistance
According to this improvement loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount should be accounted for as government grant. Also various terms had been changed in order to be consistent with other IFRS. This amendment has no material impact on the Group.

IAS 23 - Borrowing Costs
The revised standard requires capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group currently follows this policy; therefore the change has no impact on the consolidated financial statements.

IAS 27 - Consolidated and Separate Financial Statements
The revised Standard became effective as of July 1, 2009. It requires that a change in the ownership interest of a subsidiary, which does not result in loss of control, is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor it will they give rise to a gain or loss. In addition, the total comprehensive income is attributed to the owners of the parent and to the non-controlling interest even if this results in the non-controlling interest having a negative balance. The previous standard allocated such excess losses to the owners of the parent except for some rare circumstances. Furthermore, requirements have been added to treat changes in a parent's ownership interest in a subsidiary which result in loss of control of a subsidiary specifying that any gain or loss arising on the loss of control of a subsidiary must be recognized in profit or loss. Additionally, when a parent entity accounts for subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment should continue when the subsidiary is subsequently classified as held for sale. The revised standard has been early adopted by the Group together with IFRS 3 for periods beginning on or after January 1, 2009.

IAS 28 - Investments in Associates
If an associate is accounted for at fair value in accordance with IAS 39, only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies. This amendment has no impact on the Group as it does not account for its associates at fair value in accordance with IAS 39. An investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment test is not separately allocated to the goodwill included in the investment balance.

This amendment has no impact on the Group because this policy was already applied.

- IAS 29 - Financial Reporting in Hyperinflationary Economies
This amendment revised the reference to the exception to measure assets and liabilities at historical cost, such that it notes property, plant and equipment as being example, rather than implying that is a definitive list. Also various terms have been changed in order to be consistent with other IFRS.
- IAS 31 - Interests in Joint Ventures
If a joint venture is accounted for at fair value, in accordance with IAS 39, only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply. This amendment has no impact on the Group because it does not account for its joint ventures at fair value in accordance with IAS 39.
- IAS 32 - Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and obligations Arising on Liquidation
These revised standards became effective for financial years beginning on or after 1 January 2009. They require some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. The amendment has no impact on the existing financial instruments of the Group.
- IAS 36 - Impairment of Assets
When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with the disclosures required when the discounted cash flows are used to estimate 'value in use'. This amendment has no immediate impact on the consolidated financial statements of the Group because the recoverable amount of its CGUs is currently estimated using 'value in use'.
- IAS 38 - Intangible Assets
Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service. This amendment has no impact on the Group because it does not enter into such promotional activities. Additionally, the revised standard determines that in a business combination an intangible asset must be recognised separately from goodwill even, if it is separable together with a related contract. Complimentary intangible assets with similar useful lives or intangible assets which are only separable together with another intangible asset can be recognised together as a single asset.
- IAS 39 - Financial Instruments: Recognition and Measurement
According to this improvement, changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from,

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or included in, the 'fair value through profit or loss' classification after initial recognition. The reference in IAS 39 to a 'segment', when determining whether an instrument qualifies as a hedge, has been removed. The use of the revised effective interest rate also is required when re-measuring a debt instrument on the cessation of fair value hedge accounting. This amendment has no material impact on the Group.

IAS 40 - Investment Property
This amendment revised the scope such that property under construction or development for future use as an investment property is classified as investment property. If fair value cannot be reliably determined, the investment under construction should be measured at cost until such time as fair value can be determined or construction is complete. The amendment also revised the conditions for voluntary change in accounting policy to be consistent with IAS 8 and clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognised liability. This amendment has no impact on the Group since it has no such properties.

IAS 41 - Agriculture
The amendment removed the reference to the use of pre-tax discount rate to determine fair value and replaced the term 'point-of-sale costs' with 'costs to sell'. Also the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value has been removed. This amendment has no impact on the Group.

IFRIC 15 - Agreements for the Construction of Real Estate
IFRIC 15 was issued in July 2008 and becomes effective for financial years beginning on or after January 1, 2009. The interpretation is to be applied retrospectively. It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the interpretation provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18. IFRIC 15 has no an impact on the consolidated financial statement because the Group does not conduct such activity.

IFRIC 16 - Hedges of a Net Investment in a Foreign Operation
The IFRIC 16 was issued in July 2008 and became effective for financial years beginning on or after 1 October 2008. This interpretation provides guidance on the accounting for a hedge of a net investment. The interpretation has no impact on the Group's financial statements, as the Group has not entered in any such hedges.

Issued but not yet effective International Financial Reporting Standards

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

IFRS 1 - First-time Adoption of International Financial Reporting Standards

The revised standard (effective from 1 January 2010) aims at simplifying the retrospective application of IFRSs. The entity is exempt from having to apply IFRIC 4 Determining whether an Arrangement Contains a Lease when it adopts IFRSs, if the entity made the same type of determination of whether an arrangement contains a lease in accordance with its previous GAAP as that required by IFRIC 4.

IFRS 2 - Share-based Payment (amendment) – Cash-settled Share-based Payment Transactions

The amendments to IFRS 2 Share-based Payment become effective for financial years beginning on or after 1 January 2010 and must be applied retrospectively. They clarify how an individual subsidiary in a group should account for share-based payment arrangements in its own financial statements. The amendments to IFRS 2 also incorporate guidance previously included in IFRIC 8 Scope of IFRS 2 and IFRIC 11 IFRS 2 – Group and Treasury Share Transactions. As a result IFRIC 8 and IFRIC 11 have been withdrawn.

IFRS 9 - Financial Instruments – Classification and measurement

The IFRS 9 was issued on 12 November 2009 and is intended to replace IAS 39 Financial Instruments: Recognition and measurement. The standard introduces new requirements for classifying and measuring financial assets that must be applied starting 1 January 2013. According to IFRS 9 all financial assets are initially recognised at fair value plus transaction costs. The standard also eliminates the available-for-sale and held-to-maturity categories currently existing in IAS 39.

IAS 24 - Related Party Disclosure

The amendments to IAS 24 Related Party Disclosures become effective for financial years beginning on or after 1 January 2010 and must be applied retrospectively. The revised standard simplifies the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government and clarifies the definition of a related party. As a result, such a reporting entity is exempt from the general disclosure requirements in relation to transactions and balances with the government and government-related entities.

IFRIC 17 - Distributions of Non-cash Assets to Owners

IFRIC 17 was issued in November 2008 and becomes effective for financial years beginning on or after 1 July 2009. This interpretation provides guidance on the accounting treatment when an entity distributes assets other than cash as dividends to its shareholders. The dividend should be measured at the fair value of the assets distributed and the difference between this amount and the previous carrying amount of the assets distributed should be recognised in profit or loss when the entity settles the dividend payable. This interpretation will have no impact on the Group.

IFRIC 18 - Transfers of Assets from Customers

IFRIC 18 was issued in January 2009 and becomes effective for financial years beginning on or after 1 July 2009. Entities in specific sectors often receive

items of property, plant and equipment from their customers, or cash to acquire or construct specific assets. These assets are then used to connect customers to a network and/or provide them with ongoing access to a supply of goods and/or services. This interpretation provides guidance on when and how an entity should recognise such assets. When the item of property, plant and equipment transferred from a customer meets the definition of an asset under the IASB Framework from the perspective of the recipient, the recipient must recognise the asset in its financial statements. If the customer continues to control the transferred item, the asset definition would not be met even if ownership of the asset is transferred to the utility or other recipient entity. This interpretation is not expected to have material effect on the Group's financial statements.

Improvements to IFRSs

In April 2009 the Board issued its first collection of amendments to its standards, primarily to remove inconsistencies and clarify wording. These amendments will be effective from 1 January 2010. The Group has not yet adopted the following amendments but it is anticipated that these changes will have no material effect on the Group's financial statements.

- IFRS 2 - Share-based Payment
IFRS 2 excludes from its scope transactions that meet the definition of a business combination under IFRS 3 Business Combinations.
- IFRS 5 - Non-current assets Held for Sale and Discontinued Operations
This amendment specifies the disclosures required in connection with non-current assets (or disposal groups) classified as held for sale or discontinued operations. Disclosures in other IFRSs do not apply to such assets unless the particular standard requires a disclosure in respect of non-current assets classified as held for sale or discontinued operations.
- IFRS 8 - Operating Segments
This amendment clarifies that a measurement of total assets shall be reported, if such a measurement is reported to the management of the entity.
- IAS 1 - Presentation of Financial Statements
The amendment clarifies the classification between current and non-current convertible instruments.
- IAS 7 - Statement of Cash Flows
The amendment constitutes that only expenditure that results in asset recognition can be classified as "investing" in the statement of cash flows.
- IAS 17 - Leases
The amendment determines that for those land leases for which retrospective information is available, a classification reassessment of unexpired leases based on conditions at inception date should be carried out. Additionally, an entity should retrospectively recognise land leases that are currently finance leases based on their fair values at the inception date of the lease.
- IAS 32 - Financial Instruments: Presentation

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The amendment is effective for annual periods beginning on or after 1 February 2010 and requires that rights, options and warrants to acquire a fixed number of an entity's own equity instruments for a fixed price of any currency are equity instruments.

IAS 36 - Impairment of Assets

The amendment determines that the unit of allocation of goodwill when testing for impairment should not be larger than an operating segment as defined in IFRS 8.

IAS 39 - Financial Instruments: Recognition and Measurement

The amendment clarifies when gains or losses on hedging instruments should be reclassified from equity to profit or loss. In addition, forward contracts entered into as part of a business combination are exempt from the scope of IAS 39.

3. Revenue

The distribution of the sales' consolidated net revenue by leading products:

	2009	2008
	(million HUF)	(million HUF)
Product		
Public lightning, electricity regulation	345	304
Cost-efficient energy supply	352	332
Maintenance	25	25
Investment	300	660
Heating, heating services	2.410	1.245
Kitchen technology	250	250
Engineering consultancy	196	387
Sub-totals	3.878	3.203
Other	33	18
Total	3.911	3.221

The revenue growth of heating services could be explained with the launch of the investments in Fejér county and in Gyergyószentmiklós. The assets in Veszprém county started producing at the end of the 2008 business year. The related revenues were largely realized accordingly in the 2009 fiscal year.

4. Income taxes

The group's current corporate income tax is based on the particular enterprises' taxable profit determined by local rules. The corporate income tax rate applicable to the Group's companies operating in Hungary in 2009 and in 2008 is 16%. In addition, a solidarity tax was introduced from 1 September 2006. The corporate income tax rate will increase to 19% from 1 January 2010 and simultaneously the solidarity tax will be abolished. The corporate income tax rate in Slovakia was 19%, in Romania it was 16% for both years. The legislation approved rate changes have been taken into account for deferred tax assets and liabilities.

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The local business tax is considered as an income tax by the Group.

At present, the scope of taxes to be levied by the tax authorities are regulated by several laws and acts in Hungary. These acts include, inter alia, the general sales tax, corporation tax, local taxes and payment related taxes and levies. The rights of tax auditing belong to the tax authorities, which have the authorization to impose a penalty permitted by law, in the case of non-compliance with legislation or law violation. The management believes that the reported value of liabilities is consistent with the legislative requirements. However, any tax authority has the right to establish a different point of view, which may even result in significant effects.

The inputs related to income taxes consist of the following:

	2009	2008
	(thousands HUF)	(thousands HUF)
Corporation tax	124.611	32.000
Deferred tax	129.378	43.812
Business tax	43.848	21.945
Sum	297.837	97.757

The deduction of taxes in 2009 was the following:

Calculated tax liability based on current tax rate (16%)	168.800
Surtax and local business tax	85.333
Non-reversible differences	22.274
Unrecognized losses of subsidiaries	7.519
Effect of the changes of Hungarian taxation laws	12.911
Total income tax	297.837

5. Consolidated results per share

When calculating the basic earnings per share of the Company, the net profit should be taken into account, which can be distributed to the shareholders, as well as the annual average number of ordinary shares issued, excluding treasury shares.

	2009	2008
Net profit distributable to shareholders (thousands HUF)	801.012	279.148
Weighted average number of ordinary shares issued (thousand pcs)	2.400	2.000
Result per share (basic) (HUF)	334	140

When calculating the adjusted profit per share the average number of ordinary shares in circulation should be amended by the number of ordinary shares to be issued potentially in the future. There are no such shares to be issued by our company on the effective date.

6. Subsidiaries and joint-venture enterprises

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Key data of the subsidiaries and joint-venture enterprises of the Group on December 31, 2008 and 2009 are the following:

Name	Incorporation and place of activity	2009		2008	
		Proprietary share	Voting share	Proprietary share	Voting share
RFV Esco Ltd.	1118 Budapest, Számadó u. 19.	100%	100%	100%	100%
RFV Beruházó Ltd.	1118 Budapest, Számadó u. 19	100%	100%	100%	100%
RFV Sárospatak Nonprofit Ltd.	3950 Sárospatak, Kossuth u. 44.	49%	50%	49%	67%
RFV Józsefváros Ltd.	1118 Budapest, Számadó u. 19	49%	70%	49%	70%
RFV Panelrekonstrukciós Ltd.	1118 Budapest, Számadó u. 19	-	-	100%	100%
RFV Geotherm Ltd.	1118 Budapest, Számadó u. 19.	51%	50%	51%	50%
RFV Veszprém	8200 Veszprém, Megyeház tér 1.	49%	50%	49%	50%
RFV Slovakia	Gútsky rad 5. 94501 Komarno	100%	100%	100%	100%
RFV S.R.L		100%	100%	100%	100%
Thermoenergy	Gheorgheni Gabor Aron út 54. Románia	99.5%	100%	-	-
Fejér Megyei Energia Szolgáltató Nonprofit Ltd.	8000 Székesfehérvár, Szent István tér 9.	49%	51%	-	-
RFV-Galga Power System Ltd.	1118 Budapest, Számadó u. 19.	50%	50%	-	-

The subsidiaries were included under full consolidation, the joint-venture enterprises (RFV Sárospatak Nonprofit Ltd. and RFV Galga Power System Ltd.) were included proportionally, according to the equity method. The subsidiary consolidation items in connection with the requalification of RFV Sárospatak Nonprofit Ltd. were excluded.

The Group's shares of RFV Sípálya Ltd., displayed in previous years, were sold during 2008, while the shares of RFV Penelkonstrukciós Ltd. were sold on December 28, 2009, for 48 million HUF. In 2008 the Group founded RFV Veszprém Ltd. and bought out RFV-Galga

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Power System Ltd, while in 2009 it bought the subsidiary Thermoenergy SRL and founded Fejér Megyei Energia Szolgáltató Nonprofit Ltd.

6. Subsidiaries and joint-venture enterprises (continuation)

Information related to the acquisition of Thermoenergy SRL:

Acquisition:	purchase
Proprietary share:	99,5%
Voting share:	99,5%
Share value:	38.500
Goodwill:	20.688
Equity at acquisition:	17.832
Qualification:	subsidiary

The company was included in the parent company's consolidated report with full consolidation taking the fair value from the day of the acquisition into account.

7. Property, plant and equipment

	Machinery, equipment (K HUF)	Assets construction	under	Total (K HUF)
Gross Value				
December 31, 2007	2.151.221	-		2.151.221
Growth and reclassification	292.852	1.409		294.261
Decrease and reclassification				
December 31, 2008.	2.444.073	1.409		2.445.482
Growth and reclassification	1.063.284	1.835.137		2.898.421
Decrease and reclassification	11.695	46.536		58.231
December 31, 2009.	3.495.662	1.790.010		5.285.672
Accumulated depreciation				
December 31, 2007	137.900	-		137.900
Annual depreciation	129.708	-		129.708
December 31, 2008.	267.608	-		267.608
Annual depreciation	187.951	-		187.951
December 31, 2009.	455.559	-		455.559
Net book value				
December 31, 2007	2.013.321			2.013.321
December 31, 2008.	2.176.465	1.409		2.177.874
December 31, 2009.	3.040.103	1.790.010		4.830.113

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Major investments in the current year were the ones under contract with the local government of Fejér county and as well as the investment made in Gheorgheni, Romania.

The assets are mortgaged to the extent of the amount of loans concluded by RFV Esco, which amounted 1.191.793K HUF on December 31, 2009.

8. Trade and other receivables

	2009	2008
Trade receivables	206.218	600.943
Nordica Skianera	193.623	-
Other receivables	415.725	576.131
Deferred charges	944.656	727.809
Total	1.760.222	1.904.883

The high level of deferred charges is caused by an increase in the Company's contract staff. The Group makes accruals for the revenues resulted by the continued performance (utility fee) during the year at this point, which, however, will be charged only after the current year.

In 2009 the Group charged a total amount of 61.452K HUF for the impairment of customers, while in 2008 there was no charge of impairment.

The claims include the claim against the buyer of RFV Sípálya Ltd., in the given amount of the loan (Nordica Skianera), which was fully compensated in the first quarter of 2010.

9. Issued capital

The issued capital of the Company on December 31, 2008 consisted of 2.000.000 shares. The par value of the shares is 10 HUF/unit. At the end of 2009 the Company carried out a secondary issuing of shares at premium price, involving 400.000 units of shares. The issue value of shares was 2.750 HUF/unit, beside the par value of 10 HUF/unit. As the result of issuing shares at a premium price, the Company's issued capital has increased with 4.000K HUF, while the capital surplus increased with the amount of the premium, 1.096.000K HUF.

10. Minority interest

	2009 (K HUF)	2008 (K HUF)
RFV Sárospatak Nonprofit Ltd.	-	1.097
RFV Geotherm Ltd.	1.222	1.222
RFV Józsefváros Ltd.	(722)	1.909
RFV Veszprém Ltd.	(684)	2.039
RFV Fejér Megye Ltd.	1.449	-
Termoenergy SRL	51	-
Total	1.316	6.267

11. Long-term loans, borrowings

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Creditor	Debtor	2009 (K HUF)	2008 (K HUF)
Raiffeisen Bank H-3	RFV Plc.	6.290	7.976
Raiffeisen Bank H-6	RFV Plc.	3.741	4.941
Raiffeisen Bank H-7	RFV Plc.	3.205	6.505
Raiffeisen Bank H-10	RFV Plc.	1.168	3.283
Raiffeisen Bank H-11	RFV Plc.	2.249	6.389
Raiffeisen Bank H-18	RFV Plc.	12.047	15.383
Raiffeisen Bank H-18/2006	RFV Plc.	14.850	18.580
Raiffeisen Bank H-19	RFV Plc.	16.200	19.529
Raiffeisen Bank H-19/2006	RFV Plc.	7.553	9.449
Raiffeisen Bank H-26	RFV Plc.	14.442	17.915
Raiffeisen Bank H-27	RFV Plc.	-	16.988
Raiffeisen Bank H-22	RFV Plc.	5.403	10.083
Raiffeisen Bank H-35	RFV Plc.	1.622	1.936
Raiffeisen Bank H-44	RFV Plc.	12.420	15.194
Raiffeisen Bank H-45	RFV Plc.	20.000	47.000
Raiffeisen Bank H-53	RFV Plc.	12.954	17.084
Raiffeisen Bank H-54	RFV Plc.	9.540	12.581
Raiffeisen Bank H-56	RFV Plc.	12.275	15.016
Raiffeisen Bank H-82	RFV Plc.	-	2.518
Raiffeisen Bank H-83	RFV Plc.	11.454	14.731
Raiffeisen Bank H-84	RFV Plc.	21.685	27.766
Raiffeisen Bank H-98	RFV Plc.	105.230	105.230
Raiffeisen Bank H-96	RFV Plc.	15.558	19.860
Raiffeisen Bank H-24/2007	RFV Plc.	9.746	11.463
Raiffeisen Bank H-56/2007	RFV Plc.	607.391	664.984
Raiffeisen Bank H-72	RFV Plc.	3.989	4.609
Raiffeisen Bank H-104	RFV Plc.	12.716	16.321
Raiffeisen Bank H-105	RFV Plc.	-	13.794
Raiffeisen Bank H-108	RFV Plc.	17.600	22.427
Raiffeisen Bank H-109	RFV Plc.	4.632	5.511
Raiffeisen Bank H-7/2008	RFV Plc.	30.027	19.402
H52/2005	RFV Esco Ltd.	42.800	47.600
H51/2005	RFV Esco Ltd.	76.800	93.600
H96/2006	RFV Esco Ltd.	70.547	84.180
SATO-H1/2007	RFV Esco Ltd.	438.316	479.616
H-73	RFV Esco Ltd.	12.101	13.982
H-80	RFV Esco Ltd.	437.330	111.187
Financial lease obligation	RFV Sárospaták Ltd.	1.825	-
Total long-term loans		2.076.706	2.004.613
Csaba Soós	RFV Plc.	367.179	-
József Makra	RFV Plc.	355.080	-
Total loans from owners		722.259	-
In total		2.798.965	2.004.613

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11. Long-term loans, borrowings (continuation)

The distribution of the long and short-term loans by maturity according to the specified repayment plans:

December 31, 2009	(K HUF)
2010	471.814
2011	1.013.733
2012	285.147
2013	307.350
2014 and after	1.192.735
Total	3.270.779

The credits and loans were taken to finance investments in energy efficiency improvements related to the core activity of the Group. The maturity of the loans is variable and was typically 5-10 years at the time of granting. The remaining average maturity of loans on the balance sheet date is 5 years. Their currency is HUF in all cases and their rate is bound to BUBOR. In most cases the absolute guarantee of the local governments stands as the collateral for the loans, as well as the financial institution establishes a lien for the claims which arose in particular investments. If the loan is not taken by RFV Plc., then the parent company stands surety to the extent of the liability instead of the guarantee of the local government.

The Company undertook the inclusion of the revenue, liens for the claims, absolute guarantee and attaching the revenue to the bank as collateral for the loans according to the contract. In the case of loans taken by RFV Esco Ltd. the financial institution established a lien for the tangible assets of the company.

The maturity date of the loans from the shareholders is December 31, 2011. According to the contract the loan specifies an interest rate of BUBOR + 4%. Repayments have not been determined, however there is a possibility of early repayment.

12. Short-term loans, borrowings

Creditor	Debtor	2009 (K HUF)	2008 (K HUF)
Raiffeisen Bank H-3	RFV Plc.	1.707	1.515
Raiffeisen Bank H-6	RFV Plc.	1.140	960
Raiffeisen Bank H-7	RFV Plc.	3.300	3.180
Raiffeisen Bank H-10	RFV Plc.	-	12.606
Raiffeisen Bank H-11	RFV Plc.	2.115	1.900
Raiffeisen Bank H-18	RFV Plc.	4.140	3.720
Raiffeisen Bank H-18/2006	RFV Plc.	3.387	2.995
Raiffeisen Bank H-19	RFV Plc.	3.779	3.356
Raiffeisen Bank H-19/2006	RFV Plc.	3.390	2.987
Raiffeisen Bank H-26	RFV Plc.	1.922	1.707

Raiffeisen Bank H-27	RFV Plc.	3.473	3.098
Raiffeisen Bank H-22	RFV Plc.	-	3.035
Raiffeisen Bank H-35	RFV Plc.	4.680	3.960
Raiffeisen Bank H-44	RFV Plc.	313	265
Raiffeisen Bank H-45	RFV Plc.	2.813	2.493
Raiffeisen Bank H-53	RFV Plc.	27.000	25.000
Raiffeisen Bank H-54	RFV Plc.	4.176	3.710
Raiffeisen Bank H-56	RFV Plc.	3.075	2.732
Raiffeisen Bank H-82	RFV Plc.	2.781	2.463
Raiffeisen Bank H-83	RFV Plc.	2.525	2.739
Raiffeisen Bank H-84	RFV Plc.	3.316	2.948
Raiffeisen Bank H-98	RFV Plc.	6.281	5.707
Raiffeisen Bank H-96	RFV Plc.	4.356	3.871
Raiffeisen Bank H-24/2007	RFV Plc.	1.752	1.539
Raiffeisen Bank H-56/2007	RFV Plc.	60.458	52.542
Raiffeisen Bank H-72	RFV Plc.	653	569
Raiffeisen Bank H-104	RFV Plc.	2.647	2.341
Raiffeisen Bank H-105	RFV Plc.	-	2.010
Raiffeisen Bank H-108	RFV Plc.	3.396	1.520
Raiffeisen Bank H-109	RFV Plc.	894	790
Raiffeisen Bank H-7/2008	RFV Plc.	3.998	18.228
Equity loan	RFV Plc.	-	122.643
H51-52/2005, 1196/2006	RFV Esco Ltd.	35.449	32.042
SATO-H1/2007	RFV Esco Ltd.	42.247	37.300
H-73	RFV Esco Ltd.	1.980	1.727
H-80	RFV Esco Ltd.	34.223	7.013
Raiffeisen Bank overdraft	RFV Plc.	188.280	-
Financial lease obligation	RFV Sárospatak Ltd.	769	1.470
Liabilities to the owners (from borrowing)	RFV Sárospatak Ltd.	4.584	65.449
Other	RFV S.R.L.	-	233
Other	RFV Józsefváros	815	750
Other	RFV Esco Ltd.	-	1.850
Total		471.814	446.962

13. Trade and other payables

	2009	2008
Trade payables	519.919	881.103
Other obligations	119.840	48.378
Accrued income	130.414	247.739
Total	770.173	1.177.220

Among trade payables one can typically find the existing investment obligations on the effective date and the amount of payable taxes.

14. Deferred tax

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The amount of deferred income tax will be accounted for using the balance sheet liability method based on the temporary differences.

	2009	2008
	(K HUF)	(K HUF)
Deferred tax assets	15.505	12.292
Deferred tax liabilities	(213.740)	(81.149)
Net balance on December 31	(198.235)	(68.857)

The primary source of the deferred tax liability is the creation of the development reserve amount in the current year and the difference of applying the productive life of the asset under the IFRS and the tax code.

15. Risk management

The Group has many investments in companies that operate in volatile economies. The value of these investments is in connection with their inherent risk, which lies in the weakening of the currency, but quite moderated by the hypothesis that non-financial assets' market value may remain unchanged. The investments based essentially on financial instruments are fully exposed to the risk of currency devaluation.

Credit risk

The Group is in contact with key customers in a number of regions. The management maintains a close relationship with the Group's main customers. The provision for precarious debts will be determined by the Group's management based on past experiences and the characteristics of the current economic environment. The Group provides services to many clients. Taking the creditworthiness of customers and contract volumes into account, there is no significant credit risk. The audit process used by the Group ensures that only clients with appropriate financial background are granted sales and the credit risk does not exceed an acceptable level.

Because the risk exposure of the Group is divided between its many partners and buyers, the Group has no significant receivable risk concentration.

Liquidity risk

The receivable risk concentration of liquid funds and derivative financial instruments is limited. The available bank and shareholder's loans provide adequate conditions for the Group to ensure liquidity and financial flexibility. Nevertheless, it is noted that in relation to the nature of the Group's business the use of external resources is low.

Interest rate and foreign exchange rate risk

The Group's, the Group's subsidiaries' and the joint-venture companies' foreign exchange rate risk is without regard to the fact that each company's business revenues and expenses incur in the same currency.

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The Group has developed a risk management strategy in the 2010 business year to handle any adverse changes in interest rates, which makes the amount of interests of the bank loans to be paid by the Group calculable and predictable.

Capital management

The main goal of the Group's capital management is maintaining a favourable credit rating and ensuring the appropriate financial indicators, in order to support the business better and to maximize the Group's shareholder value.

The Group establishes its capital structure in accordance with prevailing economic conditions and if necessary, makes changes to it. As a means of this, the Group decides on the amount of dividend payments, can disburse funds back to the shareholders or issue new shares. No changes appeared in the related objectives, policies or procedures during the years ending on December 31, 2008 and December 31, 2009.

16. Investment commitment

	2009	2008
	(K HUF)	(K HUF)
Contracted, but in the report unmentioned investment		
Győrszentiván	-	9.879
Józsefváros	20	0
Sárospatak	-	21.018
Fejér county	665	-
Veszprém county	131	-
Gyergyószentmiklós	1.000	-
Érd	267	-
Investment commitment	2.083	30.897

17. Absolute guarantees in relation with the members of the group and third parties

	2009	2008
	(K HUF)	(K HUF)
RFV Esco Ltd. – ANTSZ project – absolute guarantee	131.996	161.000
RFV Esco Ltd. – Hódmezővásárhely project – absolute guarantee	93.600	112.132
RFV Esco Ltd. - Sárospatak project – absolute guarantee	480.563	516.916
RFV Esco Ltd. – Veszprém county project – absolute guarantee	471.553	118.197
RFV Sípálya Ltd. – investment loan – absolute guarantee	-	78.000
RFV Sípálya Ltd. – after state aid – absolute guarantee	-	66.745

18. Contingent and future liabilities

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Legal disputes

Up until the balance sheet date various claims against the Group were announced and various legal proceedings were conducted, which based on their nature belong to the regular course of business. The level of these needs and legal procedures is consistent with the previous year's level of claims and legal proceedings.

The Group believes that the demands placed upon it and litigations will not significantly affect the Group's financial position, future operating results and cash flows.

Insurance

The Group is equipped with the necessary and appropriate insurance cover.

The property and business interruption insurance provide satisfactory security for the Group's assets accounted on a replacement value, for the loss of net profits and fixed costs caused by any specific event.

The general, pollution and employers' liability insurance cover any damage caused to third parties or employees.

19. Events after the balance sheet date

New credit contract

On March 12, 2010 RFV Esco Ltd., wholly owned by RFV Plc., entered into an 8-year loan agreement with FHB Bank, with the overall amount of 200 million HUF. As the result of the operation the range of banking funders needed for the RFV group's future projects expanded. RFV Esco Ltd. and the local government of Érd will expend the loan under a 15-year heat service contract on 267 million HUF worth of heating modernization investments implemented in public institutions.

In addition, Takarékbank Plc. has approved a 730 million HUF appropriation, which serves for the partial refinancing of the loans from Raiffeisen Bank Ltd.

At balance sheet date none of the loan facilities were drawn down.

Loan repayment

RFV Sípálya Ltd. (present name: Nordica Skiarena Ltd.), which was divested by RFV group according to a salescontract dated to December 16, 2008, has repaid all of its outstanding debts by virtue of loan amounting to 222.861 K HUF. After the loan repayment claims against each other between the Group and Nordica Skiarena Ltd. are not present.

Using these resources the Company paid the owners Csaba Soós and József László Makra 100-100 million HUF, by virtue of loan repayment, this way decreasing the amount of the shareholders' loan.

Personal issues

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On January 22, 2010 the shareholders' assembly decides unanimously without any non-content and abstentions that with the effect from January 22, 2010, board member Dénes Makra will be recalled from office and Ákos Kassai will be elected as the member of the board with the personal right of representation and company registration, for an indefinite period.

The general assembly decides that members of the board carry out their duties under the relationship of corporate law for a fee amounting to 850.000 HUF monthly, as defined by the shareholders' assembly.

Call option of stocks

The shareholders' assembly decided on January 22, 2010 to authorize the board to launch the executive stock option program for the acquisition of treasury shares. The authorization covers the 18-month acquisition period with pecuniary interest for at most 88.000 units of dematerialized RFV ordinary shares with the par value of 10 HUF. The counter value is at the lowest of 1 HUF and at the highest of 10.000 HUF per unit.

20. Related party transactions

	2009	2008
	(K HUF)	(K HUF)
Csaba Soós	376.347	82.120
József Makra	355.000	49.280
Net balance on 31 December	731.427	131.400

The Group both bought and sold various products and services to and from joint-venture enterprises within the boundaries of the normal conduct of business in 2008 and 2009. All market conditions for the transaction were held.

The members of the board employed by the Company do not receive special allowance in addition to their senior grants for their board membership.

Declaration of responsibility

I, Csaba Soós, the undersigned, RFV Plc's chairman of the board, declare that to the best of our knowledge, the attached annual report does not hold incorrect information and statements and does not conceal any fact, which is important in assessing the current situation of RFV Plc. We understand that under the provisions of the Capital Market Law, for any damage caused by omitting the regular and extraordinary report or by its misleading contents the RFV Plc is responsible as issuer.

April 9, 2010, Budapest

Csaba Soós
RFV Plc, Chairman of the Board

Consolidated business report for 2009

April 9, 2010, Budapest

Soós Csaba
RFV Plc, Chairman of the board

In the business year ending with December 31 2009, the following enterprises were fully involved in the making of the consolidated report of RFV Plc.

- RFV Plc.
- RFV ESCO Ltd.
- RFV Beruházó Ltd.
- RFV Józsefváros Szolgáltató Ltd.
- Veszprém Megyei Fűtés- és Melegvízszolgáltató Nonprofit Ltd.
- RFV Geotherm Érmellék Ltd.
- RFV Románia S.R.L.
- RFV Sloval s.r.o
- Fejér Megyei Energia Szolgáltató Nonprofit Ltd.
- Thermoenergy S.R.L.

Through the business year of 2009, RFV Plc. founded Fejér Megyei Energia Szolgáltató Ltd. and bought out Thermoenergy S.R.L. in Romania. Fejér Megyei Energia Szolgáltató Ltd. was founded jointly by RFV Beruházó Ltd. and the local government of Fejér county, 49% shared by RFV Beruházó Ltd. and voting rights of 51%.

Thermoenergy S.R.L. is the subsidiary of RFV Plc., having ownership of its 99.5%, which is to facilitate the Group's further Romanian expansion.

In 2009, on December 28, the Group gave up on its existing shares in RFV Panelrekonstrukciós Ltd, thus the annual result is included to the Group's result. Because of the sale, the annual result was posted up to the financial operations' effects.

RFV-Galga Power System Ltd was consolidated as a joint venture enterprise. RFV Sárospatak Ltd, as a jointly managed enterprise, was included proportionally, according to the equity method. The subsidiary consolidation items in connection with the requalification of the company were excluded.

The respective, by the IFRS important data of the enterprises included in the consolidation will be displayed in the following table:

2009. December 31	Revenues	Total assets	EBITDA	Profit before tax	Net profit
RFV Plc.	2,785,538	4,942,206	895,291	698,274	532,765
RFV Sárospatak Ltd.	476,142	69,013	-35,020	-39,463	-33,431
RFV Esco Ltd.	969,198	1,850,365	485,571	328,891	244,744
RFV Slovakia	12,865	11,445	-29,041	-31,987	-32,064
Thermoenergy	36,133	1,992,294	12,449	-4,262	-7,213

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S.R.L.					
RFV S.R.L.	0	2,128	-3,249	-3,326	-3,881
RFV Geotherm Ltd.	0	2,594	0	0	0
RFV Beruházó Ltd.	124,776	1,148,081	78,180	70,201	43,939
RFV Panelrekonstrukciós Ltd.	0	0	-4,455	0	-3,710
Galga-Power	0	0	-5,963	-6,056	-4,341
Veszprém Megyei Nonprofit Ltd.	246,589	246,334	27,730	-1,004	-5,503
Fejér Megyei Nonprofit Ltd.	112,950	303,230	8,627	2,948	2,331
RFV Józsefváros Ltd.	320,321	247,819	21,587	-539	-5,310

The group's combined revenue has increased by some 21% compared to the revenue of 2008, while the balance sheet shows some 57% growth compared to the previous year's same period. The earnings before interest, taxes, depreciation, and amortization („EBITDA”) – due to the exceptionally dynamic course of business and the currently running and newly undertaken projects – has grown by 177% compared to the business year of 2008. The consolidated profit of 2009 shows a growth of 179%, which is to be considered a prominently good result.

The business year of 2009 began with many difficulties for the RFV group.

The financing of the Veszprém county business, under the terms of the agreement with Raiffeisen Bank, carried over into February 2009, which presented serious difficulty for the group, considering that the project was already finished in December 2008.

Although the financing prospects did not improve, the construction of projects continued. In the first half of 2009 the group prepared the projects in Fejér county and in Gyergyószentmiklós.

Having a Share Issuing Prospectus, which was approved by PSZÁF in the autumn of 2008, and with the easing of the financial crisis the board of RFV Plc decided to raise capital by issuing 20% of additional shares, with the purpose to provide financing for the partially prepared and partially constructed projects.

Prior to the issuing of shares, the 10% block of shares sold by the majority owners for OTP Alapkezelő at a rate of 2.750,- HUF which gave a positive signal for the market and the issuance was successful.

After the brief, expedient campaign we could report a successful issuing of shares to our investors.

The 400.000 shares intended to be sold were oversubscribed by the investors with nearly 80%. Some 30% of the subscribed amount went to the small investors preferred during the allocation. Following the issuing, the subsequent sell by the majority owners of another block

of shares exceeding 10%, the free float has grown nearly to 38%, together with the institutional investors and other investors as well. The transaction was awarded with the „Team of the Stock Exchange” prize of the year 2009, which is awarded by the Budapest Stock Exchange to the most unique stock transaction every year.

After minor uncertainties the agreement about the reconstruction of the city's district-heating system and the long-term efficient heat production was concluded with the local government of Gyergyószentmiklós and GO S.A., who are likewise engaged in the project.

With this began the largest heating modernization project of RFV, which at the same time is the only biomass-based investment of the group thus far. The company management also indicated with this project, that the group will direct its increased attention to sustainability and the realization of projects based on renewable primary energy sources in the future.

The group took significant risks with the project. On the one hand deadline was very tight on the other hand this was the first biomass-based project. Nevertheless with this project the group started working on the realization of its first foreign project.

The first phase of the project, which was of high priority due to the declared international expansion and the increased attention directed to renewable energy sources, was completed before meeting the undertaken deadline. On the 30th of October 2009 first only in one district, then gradually by the 15th of November, heating started working in all the flats with district heating in the city's reconstructed districts.

The investment, finished in less than two months, stands as a reference for the group in the course of the planned Romanian expansion.

Sincero advance took place in bank financing, the majority owners granted a proprietary credit of 350-350 billion HUF for the company from their previously sold shares' value in favour of the successful completion of inchoate projects and of those drawing to an end.

Because of the increased management time and expertise need related to the completion and administration of the two major projects, the increasing number of transactions and growing size the company has reached its operational framework's boundary limits. Thus began a transformation from a micro-sized enterprise to medium-sized corporation.

In October 2009 the Board decided to develop and professionalise the organization. The search started for a skilled Chief Executive Officer, who possesses appropriate professional experience, whose theoretical and practical experiences covers organization development and financing at once. The person also had to have significant experience in the energy services industry. The position of Chief Executive Officer from January 2010 is held by Ákos Kassai.

The task is excessively complex. The organization is to be prepared for a greater and high-speed course of business, while keeping the group's high growth.

Of course the faster course of business, the hoped increase in the number of transactions will require the modification of financing as well. The member companies of the group will have to continuously change from the project-based financing used up to now towards company financing.

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Until the creation date of this report the expanding of the banking relations have started to improve and already show signs of development. First Takarékbank approved a facility with total value of 730 million HUF, then we could secure a loan contract for 200 million HUF with FHB to finance our project in Erd. In addition, we are pursuing advanced negotiations with several banks about the refinancing of the company's total loan portfolio. The refinancing of the loans of the company and the group's subsidiaries this far and the transition to corporate level financing is scheduled to be completed by the end of September 2010.

The group, as already denoted through 2009, set itself on an impressive growth path, We hope it will be able to continue along it in the coming years. Although the audited financial results are slightly below the numbers predicted by the management, the growth is impressive:

	Forecasts for the business year of 2009 (million HUF)	Financial results for the business year of 2009 (million HUF)
Revenue	4,300	3,911
EBITDA	1,520	1,475
Consolidated profit	810	806

The main reason for the deviation in the revenue is, that because of the mid-year changes in the management of RFV Sárospatak Nonprofit Plc, the numbers of the company were consolidated in this report only using the equity method.

We would like to note, that in respect of profit and EBITDA margins, the company probably reached its peak in 2009. The new organization will be working on realizing much more projects in the next few years, however, these will be of less profitability, which will bring the reduction of these margins, but we hope it will also result in the nominal improvement of the financial results.

Many companies do not take advantage of the option of publishing the management's predictions. We believe that in the spirit of transparency, based on the predefined schedule, in a predictable manner, we want to make the best of this tool to be able to provide first-class information to the investors.

The company's management remains positive for the future, which is based on four main pillars.

- The company has made a significant investment in organizational development and the professionalization of the organization. With the investment of 250 million HUF annually mid-level management has been hired that is capable of handling the greater number of transactions, greater amount of development, construction and administration load related to the greater course of business.
- Based on preliminary discussions we hope that the company will successfully complete the refinancing by autumn of 2010.
- Last year's project in Gyergyószentmiklós serves as an excellent reference for this year and can help the group to acquire new projects, to consolidate the presence in Romania and to establish the foundation for further international expansions.
- The group concentrating so far mainly on energy efficiency projects wishes to put more emphasis on the utilisation of renewable energy sources and the promotion of

sustainability in the future. We believe, that this new segment, which fits perfectly into the profile of our company, could greatly contribute to achieving the planned expansion.

The Group's medium-term goal continues to be becoming one of the region's leading companies specialising in energy efficiency, sustainability and the utilization of renewable energy sources.



ENERGETIC SOLUTIONS

Quarterly report
of
RFV Regional Development
Company Plc.

(01-10-045428)

for the 4th quarter of 2010

based on section 54 of the
Act on Capital Markets (Tpt.)

31 December 2010

Management Report

The company group closed an exceptionally successful fourth quarter, with key financial results in keeping with projections. The dynamic growth of the group continued: sales revenue increased by 100% in 2010, operating profit (EBIT) by 42%, and after-tax profit by 68% compared to the preceding year. The company's shareholders' equity also rose significantly, to HUF 3,888 million, an increase of 52% compared to the end of 2009. With this, the ratio of the company's shareholders' equity to its long-term liabilities (shareholders' equity and loans) amounted to 33.97%.

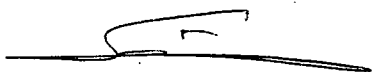
In October 2010 the company was included in the BUX basket, the benchmark index of the Budapest Stock Exchange. The fourth quarter also saw the second round of subscription to the company group's RFV 2014/A-denominated bonds, which was launched on 22 November 2010. Subscriptions for institutional investors closed on 26 November, and for retail investors on 3 December 2010. In the space of two weeks, bonds valued at a total of HUF 1.8 billion were subscribed by investors. The amount accumulated from the bond programme cements the financial foundations for the company's expansion in Romania, supporting its strategy and growth prospects.

The above-mentioned accumulation of resources created a stable financial basis for the Romanian projects secured in the third quarter. The Romanian subsidiaries of the company group have taken over operation of municipal district heating systems in all three Romanian towns concerned, namely Zalău, Târgu Mureş and Gheorgheni. Services have been launched without significant problems, and retail, municipality and business customers alike have already, on several occasions, signalled huge improvement in the standard of service. In Târgu Mureş, as a consequence of the interruptions in supply experienced in the 2009/2010 district heating season, a number of households exceeding preliminary calculations decided to opt out of the district heating system. To compensate for this, the amount of the municipality subsidy stipulated in the original contract was raised from 70 to 160 Romanian lei per gigacalorie. The increased municipality subsidy financially compensates the company for the lower number of retail consumers. Preliminary cost calculations indicate that district heating will continue to represent a cheaper and better option for consumers than individual gas heating solutions. Since our company took over operation of district heating in Târgu Mureş, no further loss of retail customers has occurred.

The propensity of consumers to pay in the case of the Hungarian and Romanian projects has developed in line with expectations. The inclusion in the audited financial statements for 2010 of certain elements of trade debtors in Hungary less depreciation is still subject to debate. However, the financial impact of this will probably not exceed HUF 50 million.

After securing Romanian projects in the course of the fourth quarter, the company group continues to develop its business further. It is largely thanks to organizational developments related to its international business expansion that the company group's profits fell slightly short, by 2.3%, of the preliminary business plan for 2010. The company spent HUF 100 million more than originally planned on developing its business abroad in the course of 2010. As a group, the company is constantly seeking and creating fresh project opportunities in both Hungary and Romania, while the organization's preparations for entry to the Polish market are proceeding according to plan.

Date: 28 February 2011, Budapest



Csaba Soós
Chairman of the Board of Directors of RFV Plc.



Akos Kassai
CEO of RFV Plc.



ENERGETIC SOLUTIONS

Basic information on the company

Company name: RFV Regional Development Company Plc. (RFV or the Company)

Abbreviated company name: RFV Plc.

Registered office: 1122 Budapest, Székács u. 29.

Tax number: 13719069-4-43

Start of business operations (by legal predecessor): 29 June 2000

Start of business operations by Company: 13 June 2006

Member state in which registered office is located: Hungary

Telephone number: +36 1 279 3550

Fax number: +36 1 279 3551

Governing law: Hungarian

Sectoral classification:

Energy services

Investor relations

Péter Tátrai

e-mail: tatrai.peter@rfv.hu

Company's branch site: 8413 Eplény, Veszprémi u. 66.

The Company may set up branch sites and representative offices – based on a decision of the Shareholders' Meeting.

Activity of the Company

The Company (and its legal predecessor) was established on 29 June 2000 with the objective of carrying out – primarily energy-related – investments on behalf of its prospective clients that provide a return through savings, supplying energy to its clients in an efficient manner through the long-term operation of these investments.

Since then, the Company has grown into an enterprise and corporate group that plays an increasingly defining role in implementing energy-saving projects in the Central-Eastern European region based on the use of renewable energy.

At present the Company is the only genuine stock exchange-listed ESCO (Energy Service Company, meaning a company that implements energy savings) in Hungary. The Company develops individual solutions for each of its projects, which are independent of any technology or service provider. It carries out the developed projects as a main contractor while securing the appropriate financing.

The Company's revenues are covered by the savings arising through implementation based on long-term contracts, as well as the fees for operation and maintenance of the completed project. More than two-thirds of the Company's customers are municipalities.

The Company's most important services (lines of business) are the following:

- Efficient heating and district heating supply based on sustainable primary energy sources
- Provision of energy-efficient public lighting services based on modern voltage regulations



ENERGETIC SOLUTIONS

Breakdown of the Company's activities in the Central-Eastern European region

Initially the Company implemented successful investments in heating supply, public lighting and catering technology in Hungary, predominantly in the municipality sphere.

Due to changing economic and social expectations in our region, demand for the solutions offered by the Company has increased apace, enabling the Company to leverage its strengthening role and growing references in Hungary to expand into the wider region.

Given that municipalities in the region still tend to be underfunded and heating technology in public institutions are becoming progressively obsolete, there are significant savings to be made, and for this reason the Company/corporate group has increasingly turned its attention towards neighbouring countries, and particularly Romania, since the beginning of the 2010 business year.

SHAREHOLDERS OF GROUP COMPANIES INCLUDED IN THE CONSOLIDATION

Name of company	Inclusion			Shareholders' equity (HUF thousands)		
	status	means	basis	31 December 2010	31 December 2010	change
RFV Nyrt.	parent	full	voting right	3 024 996	2 220 505	36%
RFV ESCO Kft.	subsidiary	full	voting right	687 487	384 355	79%
RFV Sárospatak Kft.*	subsidiary / jointly managed	full/ proportionate, as per quota	voting right	-4 540	-6 029	-25%
Patakhó Kft.	subsidiary	full	voting right	-279	0	n.a.
RFV Józsefváros Kft.	subsidiary	full	voting right	1 524	4 206	-64%
Veszprém Megyei Non-profit Kft.	subsidiary	full	voting right	990	-597	-266%
RFV Beruházó Kft.	subsidiary	full	voting right	78 156	42 175	85%
RFV Galga Power System Kft.**	subsidiary / jointly managed	full/ proportionate, as per quota	voting right	0	36 789	-100%
RFV Geotherm Kft.	subsidiary	full	voting right	2 494	2 494	0%
Fejér Megyei Nonprofit Kft.	subsidiary	full	voting right	2 660	-9 164	-129%
RFV Management Kft.	subsidiary	full	voting right	5 000	0	n.a.
RFV Slovak s.r.o.	subsidiary	full	voting right	-59 080	1 112	-5413%
Termoenergy Srl.	subsidiary	full	voting right	157 754	81 498	94%
RFV Srl.	subsidiary	full	voting right	56 595	-2 419	-2440%
RFV Heat Energy SA	subsidiary	full	voting right	6 071	0	n.a.
RFV Mures Energy SA	subsidiary	full	voting right	-21 954	0	n.a.
RFV Alternative Energy SA	subsidiary	full	voting right	6 071	0	n.a.
RFV Energy Generation SA	subsidiary	full	voting right	6 071	0	n.a.
RFV Distriterm Srl	subsidiary	full	voting right	-18 372	0	n.a.
RFV AR Energy SA	subsidiary	full	voting right	5 850	0	n.a.
RFV CL Distriterm Srl	subsidiary	full	voting right	13	0	n.a.
GREP Zrt	subsidiary	full	voting right	1 250	0	n.a.
Total				3 888 399	2 551 470	52%



ENERGETIC SOLUTIONS

In 2009, RFV acquired a stake in Fejér Megyei Nonprofit Kft, as well as in the Romanian-based Termoenergy Srl. The list expanded significantly in the third quarter of 2010 with the creation of enterprises responsible for implementing the Romanian projects (at the end of the list).

* Voting rights changed in the period under review in the case of the specified companies.

** RFV Plc.'s interest in the specified companies was discontinued with effect from 28 December 2009 and from 25 May 2010 respectively.

Companies belonging within the sphere of consolidation:

The following companies belonged within RFV's sphere of consolidation on the last day of the reporting period (HUF):

Name	Ordinary/ Share capital	Ownership share (%)	Voting right ¹	Classifi- cation ²
RFV Nyrt	24 000 000			
RFV ESCO Kft	3 000 000	100%	100%	L
Patakhő Kft.	500 000	48%	50%	L
RFV Józsefváros Kft.	3 000 000	49%	70%	L
RFV Veszprém Non-profit Kft	510 000	49%	50%	L
RFV Beruházó Kft.	3 000 000	100%	100%	L
RFV Geotherm Kft	3 000 000	100%	100%	L
RFV Fejér Megyei Nonprofit Kft	510 000	49%	51%	L
RFV Management Kft.	5 000 000	100%	100%	L
RFV Slovak s.r.o.	200 000 SK	100%	100%	L
Termoenergy Srl	6 960 RON	99%	99%	L
RFV Srl	200 RON	100%	100%	L
RFV Heat Energy SA	90 000 RON	99.99%	99.99%	L
RFV Mures Energy SA	90 000 RON	99.99%	99.99%	L
RFV Alternative Energy SA	90 000 RON	99.99%	99.99%	L
RFV Energy Generation SA	90 000 RON	99.99%	99.99%	L
RFV Distriterm Srl	40 000 RON	51%	51%	L
RFV AR Energy SA	90 000 RON	99.99%	99.99%	L
RFV CL Distriterm Srl	200 RON	100%	100%	L
GREP Zrt	5 000 000	25%	25%	T

¹ Voting right ensuring the option of participation in the decision-making process at general meetings of the companies belonging to consolidation circle

² Full (L); Jointly managed (K); Associated (T)

FINANCIAL ANALYSIS:

Income statement:

Consolidated income statement of RFV Plc	31 December 2010 (tHUF)	31 December 2009 (tHUF)	Change (%)
Net sales revenue	7 827 536	3 910 906	100%
Sales revenue	7 827 536	3 910 906	100%
Cost of goods sold (COGS)	-4 595 658	-1 783 406	158%
Gross profit	3 231 878	2 127 500	52%
Material expenses	105 653	106 088	0%
Wage costs and employer's contributions	318 770	121 620	162%
Services used	666 952	350 054	91%
Other revenues and expenses, net	30 144	74 533	-60%
Operating costs	1 121 520	652 295	72%
EBITDA	2 110 358	1 475 205	43%
Depreciation	288 641	187 951	54%
EBIT	1 821 717	1 287 254	42%
Net result of financial transactions	-46 731	-188 405	-75%
Profit share of associates	-583	0	n.a.
Profit before tax	1 774 403	1 098 849	62%
Share of external owners	19 913	4 951	302%
Tax expense	-439 012	-297 837	47%
Net profit	1 355 304	805 963	68%

The company group doubled its sales revenue in the fourth quarter of 2010 (HUF 7.828 billion), and increased its profit after tax by 68% (HUF 1.355 billion) compared to the same period of 2009.

During the reporting year the company group continued with its organizational development drive and its expansion strategy in Romania, both of which are essential for ensuring the growth of its business.

In the fourth quarter of the year, the takeover from the previous service providers of the operation of the district heating systems as undertaken in the Romanian contracts that were won in the course of 2010 was successfully completed. By 31 December the RFV Group had commenced operative management in respect of all three operations (Zilah, Gyergyószentmiklós and Marosvásárhely).



ENERGETIC SOLUTIONS

As regards operating costs and sales revenue, these grew more slowly – by 72% – than in the same period of the previous year. The items that grew by the greatest percentage were personnel expenses (wage costs and related employer's contributions, +162%), as well as the value of services used (+91%). These are cost factors that are related to the company group's current and future expansion, to ensuring its resources and to the development of its organization.

The main reason for the increase in recorded depreciation was the depreciation that was booked following the commissioning of the heating modernization and energy investments implemented in the institutions of Fejér County Municipality, which began in 2009 and continued in 2010. The extent of depreciation was likewise increased by the amortization recorded on the investments associated with a number of other Hungarian projects and the capitalization of the Romanian investments, although the value of the latter is for the time being not particularly significant, partly because the capitalizations were effected only in the course of December, and partly because a sizeable investment has so far only taken place in Gyergyószentmiklós (the construction works of projects in Zilah and Marosvásárhely will only be launched in 2011).

Mutatószámok:

Key performance indicators based on RFV Plc's Consolidated Financial Statements	
Ratio	2010.12.31
Net sales revenue (tHUF)	7 827 536
EBITDA (tHUF)	2 110 358
EBIT (tHUF)	1 821 717
Profit after tax (tHUF)	1 355 304
Headcount (persons)	137
Revenue per employee (HUF)	57 135
Stock-exchange closing share price (HUF)	8 510
Per share (HUF):	
EBITDA	879
Profit after tax	565
Shareholders' equity	1 620



ENERGETIC SOLUTIONS

Mérleg:

Consolidated balance sheet of RFV Plc	31 December 2010 (tHUF)	31 December 2009 (tHUF)	Change (%)
Tangible assets	8 308 071	4 830 113	72%
Real estate held for investment	0	0	n.a.
Intangible assets	40 025	14 330	179%
Shares held in associated companies	667	0	n.a.
Other equity interests	0	0	n.a.
Goodwill	28 879	22 034	31%
Long-term receivables	0	400	-100%
Deferred tax receivables	13 806	15 505	-11%
Assets of more than a year	8 391 448	4 882 382	72%
Inventories	299 362	20 774	1341%
Trade debtors	1 021 521	206 218	395%
Other accounts receivable	405 751	609 348	-33%
Accruals	3 241 337	944 656	243%
Securities held for sale	0	7 050	-100%
Cash and cash equivalents	1 360 451	146 577	828%
Current assets	6 328 422	1 934 623	269%
Total assets	14 719 870	6 817 005	128%
Subscribed capital	24 000	24 000	0%
Capital reserve	1 096 000	1 096 000	0%
Profit reserve	2 785 458	1 430 154	95%
Revaluation reserve	0	0	n.a.
Repurchased treasury shares	0	0	n.a.
Share of external owners	-17 059	1 316	-1396%
Shareholders' equity	3 888 399	2 551 470	52%
Long-term credits and loans	7 544 046	2 076 706	263%
Loans from owners	141 250	722 259	-80%
Provisions	13 487	0	n.a.
Deferred tax liability	235 753	213 740	10%
Other long-term liabilities	504 897	10 843	4556%
Long-term liabilities	8 439 433	3 023 548	179%
Trade creditors	1 147 384	519 919	121%
Other liabilities	429 361	119 840	258%
Liabilities to related parties	0	0	n.a.
Short-term credits and loans	17 198	471 814	-96%
Accruals	798 095	130 414	512%
Short-term liabilities	2 392 038	1 241 987	143%
Total shareholders' equity and liabilities	14 719 870	6 817 005	125%



ENERGETIC SOLUTIONS

The growth in tangible assets (+HUF 3,478 million) in the reporting period was due to the significant concession fees that were paid in relation to the Romanian projects, as well as to the growth in energy investments implemented in relation to the institutions of Fejér County Municipality and to the investments commissioned in the period under review. In Romania, the Gyergyószentmiklós investment is continued according to plan, and had to all intents and purposes largely been implemented by 31 December 2010.

The growth in inventories (+HUF 279 million) was also linked to the investments, and reflects the growth in key-materials stocks as well as increased deliveries from project suppliers (trade creditors).

Creditor payables and debtor receivables increased too, partly due to the growth in investment activity and partly in line with the growth in sales revenue.

The fall in the company group's consolidated other receivables is explained primarily by the loan that had been granted granted to, and that was outstanding from, Nordica Skiarena as at the end of the previous year, but that was retired in full in the first quarter of 2010 (HUF 193,623 thousand).

The value of accrued income grew significantly compared to 2009 (HUF 2,297 million), which was mainly due to the fact that the Romanian operations were already providing services to customers in 2010 but that much of the invoicing of these services did not take place until January of 2011, but was also partly due to the financial problems of EMFESZ in the Hungarian gas market, which meant that the charging-on of gas invoices that were in many cases received late, after 31 December 2010, was accrued here.

The reason for the exceptionally high value of cash and cash equivalents (HUF 1,360 million) was the portfolio of bonds that was issued at the end of the third quarter, and that had been credited on the Company's account by 31 December (HUF 3,800 million). The value of cash and equivalents thus received was counterbalanced by the sum spent on investments (most notably, on the Gyergyószentmiklós project) in the fourth quarter of the year.

On the liabilities side, the growth in long-term liabilities (HUF 5,416 million) was mainly the consequence of the above-mentioned fund raising. At the same time, the volume of short-term loans fell significantly (HUF 455 million).

The increase in other liabilities (HUF 310 million) was the result of the growth in the various taxes (VAT, corporate tax) payable by the Company in Hungary and in Romania.

The growth in accrued expense (HUF 668 million) was essentially the result of the increased cost of goods sold (accrual of gas-purchase invoices that were received late), which was added to by the already-mentioned uncertainties surrounding invoicing in respect of the situation that had arisen due to the financial problems of EMFESZ in the Hungarian gas market.



ENERGETIC SOLUTIONS

CASH-FLOW STATEMENT:

For the period ending 31 December 2010 (tHUF)	31 December 2010	31 December 2009
Operating activity		
Profit after tax	1 335 391	382 532
Adjustments:		
Change in provisions	13 487	0
Depreciation for the year	184 292	132 629
Deferred tax	23 712	99 186
Changes in working capital		
Change in inventories	-278 588	-345 299
Change in debtors and other receivables	-2 907 588	-492 480
Change in securities held for sale	7 050	0
Change in creditors and other short-term liabilities	1 606 203	14 815
Operating cash flow	-16 040	-208 617
Investment activity		
Purchase of tangible and intangible assets	-3 687 942	-235 668
Acquisition of equity interests	-7 912	0
Investment cash flow	-3 695 854	-235 668
Financing activity		
Bank loans taken up/(repaid)	4 925 769	704 519
Long-term loans granted	0	0
Revenue from share issuance	0	0
Repurchased treasury shares	0	0
Financing cash flow	4 925 769	704 519
Net change in cash and cash-equivalent items	1 213 874	260 234
Opening balance of cash and cash-equivalent items	146 577	141 492
Closing balance of cash and cash-equivalent items	1 360 451	401 726

Significant off-balance-sheet items¹

Description	Value (HUF)
Raiffeisen Bank Zrt. has a purchase option for the stakes held in RFV Józsefváros Kft., Veszprém Megyei Non-profit Kft., and RFV Fejér Megyei Nonprofit Kft.	

¹ Financial liabilities that are material in terms of the Company's financial valuation but that do not appear in the balance sheet (e.g. surety undertakings, guarantee undertakings, pledge-related commitments, etc)

Data sheets related to the Issuer's organization and operation

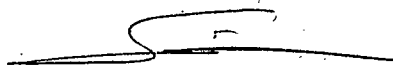
Number of full-time staff (persons)

	End of base period	End of reporting period
At Group level	58	137

Issuer's declaration

Issuer declares that the fourth-quarter report has not been audited.

Budapest, 28 February 2011



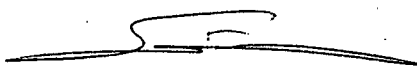
Csaba Soós
Chairman of the Board of Directors of RFV Plc.



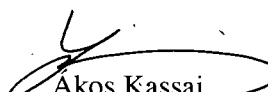
Akos Kassai
CEO of RFV Plc.

Issuer declares that the consolidated quarterly financial statements prepared on the basis of IFRS and to the best of their knowledge, presents a true and fair picture of the Issuer and of the assets, liabilities and financial position of the companies included in the consolidation, as well as of profit and loss.

Budapest, 28 February 2011



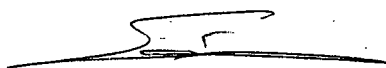
Csaba Soós
Chairman of the Board of Directors of RFV Plc.



Akos Kassai
CEO of RFV Plc.

Issuer declares that the consolidated management report presents a true and fair picture of the position, development and performance of the Issuer and of the companies included in the consolidation.

Budapest, 28 February 2011



Csaba Soós
Chairman of the Board of Directors of RFV Plc.



Akos Kassai
CEO of RFV Plc.